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CA's Amazon Tax Hits The Nation Sept. 15, 2012

Beginning September 15, 2012, a new law takes effect in the Golden State ([Stats. 2011, ch. 313 \(AB 155\)](#)). See [Online buying surges as tax deadline looms](#). It drastically expands the out-of-state retailers required to register with California's State Board of Equalization (BOE), the agency that administers California's sales and use tax laws. What's more, once registered, businesses must begin collecting California use tax when making sales of tangible personal property to California consumers.



Amazon and other giant online sellers will begin collecting the tax on shipments into California September 15. What's that? Your internet-based business is in Georgia or Connecticut or Nebraska and you've got no connections to California? Read on.

Nexus? The law applies to out-of-state retailers that have sold more than \$1 million to California consumers in the past year and have had more than \$10,000 in sales referred by an affiliate in California. This is California's new definition of [nexus](#) with the state's valued consumers, thus justifying California's tax.

Who Pays? Sales and use tax is usually paid by the consumer, but in most cases the seller collects and remits it. Does the new law mean businesses across America have to pay California's tax? Yes and no. They can **collect** the tax from their California customers and simply hand it over to the BOE.

However, if they **fail** to collect it, they have to dig in their own pockets to **pay** it. Make no mistake, California needs the revenue, but tax officials are going out of their way to make it clear that this isn't a **new** tax. California use tax has been on the books since 1935! The key, of course, is **who has to collect it**, and that is changing.

California is reaching out to several hundred out-of-state retailers, but there's no question that's a drop in the bucket. The BOE is trying to encourage out-of-state retailers to register online. The state has an electronic registration system and allows e-filing of returns.

Business entities (like partnerships, corporations and LLCs) as well as sole proprietors required to register should apply for a California Certificate of Registration–Use Tax using [BOE-400-CSC](#). You may apply online using electronic registration ([eReg](#)). Retailers with questions are urged to contact the BOE Out-of-State Office at 916-227-6600.

What are Californians doing about this? Many are clicking like crazy before September 15. Such purchases are **already** subject to California's use tax, but enforcement has been lax. That era is ending.

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