

Is your purchase for resale . . .

or is it taxable? Before you use a resale certificate, please remember these general sales tax rules . . .

It's OK to use a resale certificate to buy a product that you will:

- Sell, as is, in your regular business operations,*
- Sell as a physical part of another product, or
- Use for demonstration or display while holding it for sale in your business.

You should not use a resale certificate when buying a product that you will:

- Use rather than sell,*
- Use before you sell it, or
- Use for a personal purpose.

*See inside for examples, by business type.



Please consider this . . .

If you knowingly use a resale certificate in purchasing items that you will not resell, you will owe the tax due on the transaction, plus interest. For each purchase made for personal gain or to evade the payment of taxes you may also be required to pay:

- A 10 percent penalty of the tax due or a \$500 fine, whichever is *greater*, for each purchase, and/or
- A 25 percent penalty for fraud or intent to evade the tax.

A purchaser is guilty of a misdemeanor for the purpose of evading payment of tax, when a resale certificate is provided when purchasing property which the purchaser knows at the time of purchase will be used rather than resold. Each offense is punishable by a fine of not less than \$1,000 and not more than \$5,000 and/or imprisonment not exceeding one year.

As part of the audit process, the Board of Equalization routinely examines resale certificates to ensure that they support legitimate purchases for resale.

More ►

For more information . . .

Website

For publications, forms, regulations, and more:
www.boe.ca.gov

Taxpayer Information Section

If you have a general tax question, please call our toll-free number and speak with a Customer Service Representative. Representatives are available weekdays from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays. Please call:

800-400-7115 TDD/TTY: 800-735-2929

In addition to English, assistance is available in other languages.

You may obtain Regulation 1668, *Sales for Resale*; publication 103, *Sales for Resale*; and publication 73, *Your California Seller's Permit*; from our website and our Taxpayer Information Section. Selected regulations, publications and forms such as a General Resale Certificate (BOE-230), are available from our faxback service by calling 800-400-7115.

Verifying a permit/license

If a customer gives you a resale certificate for a purchase, you may contact us to verify the customer's seller's permit number is valid.

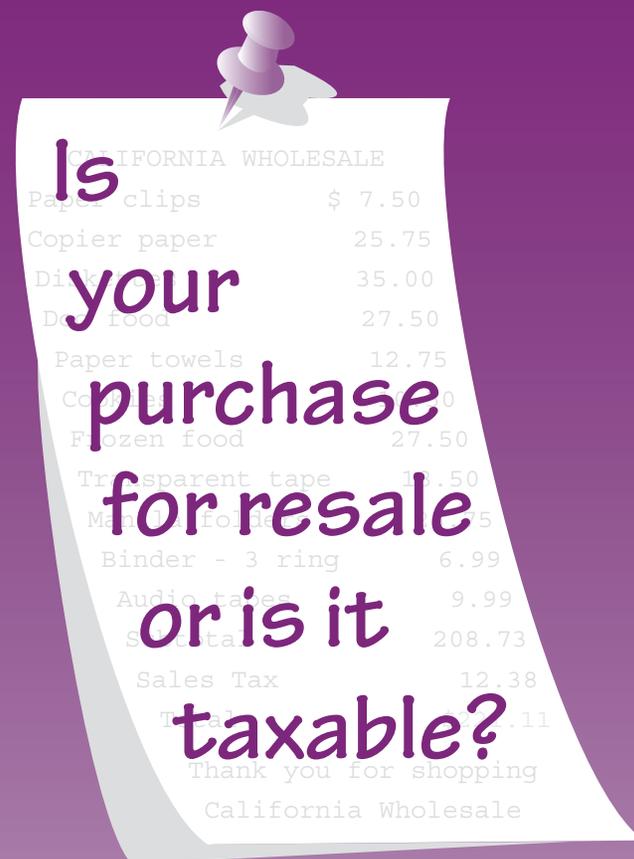
You can also verify a cigarette/tobacco license and an eWaste Recycling Fee account.

Use the Internet: www.boe.ca.gov. Look for "Verify a Permit/License."

Call our toll-free automated verification service: 888-225-5263. You will need to provide the seller's permit number you want to verify.



Note: This publication summarizes the law and applicable regulations in effect when the publication was written, as noted on the cover. However, changes in the law or in regulations may have occurred since that time. If there is a conflict between the text in this publication and the law, decisions will be based on the law and not on this publication.



Resale Certificate Tips

from the California State
Board of Equalization

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Sales and Use Taxes

Type of Business ¹	Purchase May Qualify for Use of Resale Certificate ¹	Purchase Generally Taxable ¹
Restaurant, bar	Disposable “take-out”: food containers, paper napkins, plastic eating utensils, cups, straws, toothpicks, stirrers, paper place mats for use by an individual patron	Dishes, flatware, utensils, cleaning supplies, paper towels, coffee filters, office equipment and supplies, cloth or paper tablecloths
Automotive repair shop, service station ²	Tires, batteries, auto parts, seat covers, auto paint, antifreeze, and oil <i>for resale to customers</i>	Hand tools, machinery, masking tape, lubricants, solvents, rags, cleaning supplies, office equipment, office supplies
Florist, plant nursery, landscape gardener	Fertilizers, flowers, shrubs, potting soil and garden tools <i>for resale to customers</i> on an itemized invoice	Hoses, garden tools, lawn mowers, rakes, office equipment, supplies for use in day-to-day operations
Convenience store	Household supplies, keychains, lighters, and motor oil <i>for resale to customers</i>	Cash registers, business equipment; items used in daily operations: cleaning supplies, office supplies
Pet shop	Items intended for resale: pet food when fed to animals held for resale, pet litter (purchased for resale), brushes, pet dishes, pets	Items for use in day-to-day store operations: litter (purchased for use), pet dishes, office supplies, cleaning supplies
Video rental store	Videotapes for rental or sale to the public	Televisions and electronic equipment (unless purchased for rental to customers), office equipment, office supplies, cleaning supplies
Building contractor, painter, wallpaper hanger	Fixtures, machinery, and equipment the contractor will install. Examples include plumbing fixtures, air conditioners, TV antennas, and refrigerators ³	Ladders, wheelbarrows, hand tools, power tools, sandpaper, solvents, masking tape, drop cloths, brushes, tools, office equipment, office supplies
Service provider: janitorial service, laundry, dry cleaner	None. Service providers are generally considered to be the end users of products they use in providing services to customers. Purchases are usually taxable	Cleaning supplies, cleaning equipment, office equipment, office supplies, solvents, detergents
Attorney, accountant, architect, real estate agent, doctor, dentist, daycare center, nursing home	None. These businesses are generally considered service providers (see paragraph above). Purchases are taxable	Office furniture, office equipment, office supplies, computer hardware and software, bandages, cotton balls, mouthwash, toothbrushes, toys, bedding, cleaning supplies, vacuum cleaners, appliances

¹ These listings are intended as general guidelines and may not apply in every situation. Lists include examples only and are not complete.

² Auto-body repair and paint shops are encouraged to use a industry-specific resale certificate (BOE-230-A). For a copy, please visit our website or call our Taxpayer Information Section (see reverse).

³ Contractors are generally considered the end users of equipment, tools, materials, and supplies they use in constructing real estate. In certain circumstances, contractors can be resellers of building materials. Please contact the Board of Equalization for more information (see reverse).