



SALES AND USE TAX

All dealers are required to obtain & post a permit from the State board of equalization to collect and remit sales & use taxes.

All dealers shall, in every transaction of a used vehicle, pay to the state the applicable sales & use taxes.

We recommend a separate check to the board for each retail transaction. The memo box of the check should include:

- ROS number
- Year make & model of the vehicle
- Taxable sales price (with docs fee & smog inspection included)
- Buyers county of residence
- Tax rate for that county.
- These checks should be set aside for monthly or quarterly reports.

The basic sales & use tax is 7.25 %

There are some counties with increased rates.

Check with state board local office for applicable rate at your location.

Dealers are not required to collect additional tax if the buyer lives outside the higher tax district as per B of E regulation 1823.5(d).

The taxable selling price of the vehicle is the total of the following:

- The vehicle cost
- The accessories added & the labor to install them.
- The document preparation fee (\$ 45. Max.)
- The smog inspection fee (\$ 50. Max.)

This total is then used & multiplied by the applicable tax rate for the buyer's county of residence.

For example:

$$1000. + 45. + 50. = 1095. \times .0875 = \$ 96.00 \text{ tax due}$$

price + docs + smog = total x Alameda county sales tax rate = sales tax due

The following items are non-taxable:

- Finance charges
- License & registration fees
- Insurance charges
- Smog certificate fee (\$ 8.25 Max.)

All dealers shall, when applicable, pay a separate use tax for vehicles in inventory obtained with advance registration. All dealers shall, when applicable, pay a separate use tax for vehicles in inventory used for personal use. Use tax rate is equal to the sales tax rate at the licensed location.



Did you Know?

There are two state agencies the dealer must obey when holding an active dealer license. The Board of Equalization permit is required of all dealers. This permit allows the acquisition of vehicles without paying sales tax. It allows the acquisition of parts for inventoried vehicles without paying sales tax. It mandates the collection of sales tax on every sale unless the appropriate exemption paperwork is on file. The two typical tax exempt sales are wholesale, dealer to dealer and out of state sale with no personal use within California.