

**USE TAX**  
**VEHICLE INDUSTRY REGISTRATION PROCEDURES**

**4**

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## Use Tax

### 4.000 Collection of Use Tax (CVC §§4000[d], 4300.5, 5600, 9928, and 38211 and R&TC §§6275, 6291, and 6294)

- Use tax is usually collected on original registration and transfer applications for all vehicles/vessels purchased from someone other than a licensed California dealer, manufacturer or dismantler *unless* the:
  - transaction is specifically exempted from payment of use tax, **or**
  - California Board of Equalization (BOE) issues the applicant a Certificate of Use Tax Clearance (BOE 111).
- Use tax rates vary as they are generally assessed based on the registered owner's county and city of residence.
- Refer to Appendix 1A for use tax rates.

### 4.005 Use Tax Basis

Use the following information to determine the use tax basis.

#### Vehicles

Use tax is based on the registered owner's residence county (**unless** an allocation county is shown) and city.

#### Trailer Coaches and Vessels

Use tax is based on the county and city where the trailer coach or vessel is primarily located (situs) or, if there is no situs, based on the registered owner's residence county and city.

#### Military Addresses (APO or FPO Addresses)

An applicant with a military address must complete a Statement of Facts (REG 256) giving his/her residence county and city in order to determine the appropriate use tax rate.

An applicant who protests the application of use tax on this basis must file a claim for refund with the Board of Equalization.

- Attach a Statement of Facts (REG 256) to the application as the **last document**.
  - The REG 256 must be completed by the applicant requesting a refund from the Board of Equalization
- Submit the amount of use tax due.
  - The REG 256 will be forwarded by DMV to the Board of Equalization for final determination.

**4.005 Use Tax Basis, *continued***

**NOTE:** An applicant may present a use tax exemption claim to the Board of Equalization **prior to** paying use tax to the department.

- If the claim is approved, the Board will give the applicant a Certificate of Use Tax Clearance (BOE 111) to submit with his/her registration application.
- Use tax **is not** collected in this case.

**4.010 Use Tax Penalties (R&TC §§6292, 6294, and 6591)**

The use tax penalty is assessed at 10% of the use tax amount due to the nearest even dollar according to CVC §§9559 and 9928 and **is due** whenever:

- A transfer penalty is due on a transfer application.
- Registration penalties are due on an *original* registration application.

**4.015 Definitions**

The following chart defines common words or phrases used in determining use tax.

**Use Tax Definitions**

<i>Word or Phrase</i>	<i>Definition</i>
Allocation or Situs County	County and city other than the residence county and city where the vehicle/vessel is principally used or kept.
Application for Registration	The original California registration application for any vehicle/vessel, such as a non-resident vehicle or a vehicle sold new by a dealer.
Application for Transfer of Registration	An application for change: <ul style="list-style-type: none"> <li>• of the registered owner of a vehicle/vessel presently registered in California on a regular registration basis (for vehicles, this includes conversion from a no-ownership goldenrod basis), <b>or</b></li> <li>• on an apportioned registration basis where the transferee is applying for full California registration.</li> </ul>
Date of Purchase/ Date of Sale	The date on which the seller, for consideration, surrenders physical possession of the vehicle/vessel to the buyer or the buyer's agent.
In this State/In the State	Within the jurisdiction of California.

## Use Tax Definitions (continued)

<i>Word or Phrase</i>	<i>Definition</i>
Person	Includes any: <ul style="list-style-type: none"> <li>• individual, firm, co-partnership, joint venture, association, social club, fraternal organization, corporation, estate, trust, business trust, receiver, assignee for the benefit of creditors, trustee, trustee in bankruptcy, syndicate, the United States, this state, any county, city and county, municipality, district, or other political subdivision of the state, <b>or</b></li> <li>• any group or combination acting as a unit.</li> </ul>
Residence County and City	The address reflected on or by the department record unless the owner establishes to the department's satisfaction that the place of residence is otherwise. (R&TC §11108)
Retail Sale/Sale at Retail	Any transfer for a consideration of the registered ownership of a vehicle or vessel to any person other than a bona fide dealer or dismantler.
Retailer	Any person other than a dealer or dismantler making a retail sale of any vehicle or vessel required to be registered under the <i>California Vehicle Code</i> .
Sales Price	The total amount paid, as shown on the reverse side of the Certificate of Title signed by the buyer or a bill of sale. The sales price for a: <ul style="list-style-type: none"> <li>• vehicle/vessel purchased from a manufacturer or out-of-state dealer <b>or</b> acquired outside the country <b>is</b> the <b>total</b> consideration/purchase amount in U.S. dollars.</li> <li>• cab and chassis, cowl and chassis, or chassis only purchased from other than a licensed California dealer or manufacturer <b>must</b> include the cost of the labor and the body, equipment, and other attachments required to complete the vehicle.</li> </ul> The sales price <b>shall include</b> : <ul style="list-style-type: none"> <li>• the value of any trade-in <b>and</b> any manufacturer's rebate. A rebate is <b>not</b> deducted from the sales price, even if collected directly from the manufacturer by either the consumer or the dealer.</li> <li>• transportation charges for shipment from the factory.</li> <li>• transportation charges for delivery by the seller when title does <b>not</b> pass to the purchaser until delivery is made.</li> </ul>

## Use Tax Definitions (continued)

<i>Word or Phrase</i>	<i>Definition</i>
Sales Price, <i>continued</i>	<p>The sales price <b>shall not include</b>:</p> <ul style="list-style-type: none"> <li>• state and local taxes <b>or</b> cash discounts such as factory-to-dealer incentives (generally passed on to the selling price, thus reducing the amount subject to tax).</li> <li>• insurance premiums <b>or</b> finance charges.</li> <li>• registration, license, and other related motor vehicle fees.</li> <li>• Dealer documentation fee.</li> </ul>
Storage	Any keeping or retention of personal property in this state for any purpose except for sale in the regular course of business or for subsequent use solely outside this state.
Use	<ul style="list-style-type: none"> <li>• The exercise of any right or power over a vehicle or vessel incidental to its ownership.</li> <li>• Vessel use includes any time the vessel is in or on the water whether operated or stored.</li> </ul>
Vehicle (CVC §670)	<p>A device by which any person or property may be propelled, moved, or drawn upon a highway.</p> <ul style="list-style-type: none"> <li>• For use tax purposes, this includes any off-highway motor vehicle subject to identification. (R&amp;TC §6272)</li> <li>• This <b>does not</b> include a device moved exclusively by human power or used exclusively upon stationary rails or tracks.</li> </ul>
Vessel (CVC §9840 and R&TC §6273)	<p>Includes every description of watercraft used or capable of being used as a means of transportation on water, <b>except</b>:</p> <ul style="list-style-type: none"> <li>• A seaplane on the water.</li> <li>• A watercraft of a type designed to be propelled solely by oars or paddles.</li> <li>• A watercraft eight feet or less in length of a type designed to be propelled by sail.</li> <li>• A watercraft specifically designed to operate on a permanently fixed course, the movement of which is restricted to or guided by means of a mechanical device on a fixed track or arm to which the watercraft is attached or by which the watercraft is controlled, or by means of a mechanical device attached to the watercraft itself.</li> <li>• A floating home which is designed and built to be used as a stationary waterborne residential dwelling, which <b>does not</b> have, and <b>is not</b> designed to have, a mode of power of its own, is dependent on utilities on shore, and has a permanent, continuous hookup to a shore-side sewage system.</li> </ul>

## Use Tax Definitions (continued)

<i>Word or Phrase</i>	<i>Definition</i>
Vessel (CVC §9840 and R&TC §6273), <i>continued</i>	A vessel includes the motor and all integral component parts of the vessel when in use, including all property attached to the structure during use necessary: <ul style="list-style-type: none"> <li>• for navigation and operation of the vessel, <b>or</b></li> <li>• for the comfort and convenience of the passengers and crew.</li> </ul> <b>Examples:</b> Radio/radar equipment, anchors, lifeboats, built-in bunks, window shades.)
Vessel Agent	Any vessel dealer, manufacturer, or registration service authorized by this department to accept vessel registration applications and fees.
Vessel Broker	See <i>Yacht and Ship Broker</i> in this chart.
Vessel Dealer	For purposes of sales and use tax laws, a person holding a seller's permit issued by the Board of Equalization who is regularly engaged in the business of selling vessels.
Vessel Manufacturer	For purposes of sales and use tax laws, a person holding a permit issued by the Board of Equalization who is regularly engaged in the business of manufacturing and/or distributing vessels.
Vessel/Trailer Combination	Vessel and boat trailer registration applications submitted at the same time.
Yacht and Ship Broker	A person licensed by the Department of Boating and Waterways who, for compensation, negotiates the purchase, sale, or exchange of yachts, but does <b>not</b> own such yachts.

**4.020 Transactions Subject to Use Tax (R&TC §6001 and CVC §§4300.5, 4750.5, 9858.5, and 9928)**

Use tax is usually due on all original registration and/or transfer applications for vehicles/vessels purchased from someone other than a licensed California dealer, manufacturer, or dismantler **unless**:

- the transaction is specifically exempted from payment of use tax, **or**
- the California Board of Equalization (BOE) issues the applicant a Certificate of Use Tax Clearance (BOE 111). (R&TC §6275)

**4.020 Transactions Subject to the Use Tax (R&TC §6001 and CVC §§4300.5, 4750.5, 9858.5, and 9928), *continued***

**Special Situations**—The transactions below are subject to use tax as shown below.

**Exempt Vehicles and Government Exempt Vessels:**

- Use tax is due on vehicles/vessels purchased by the state or an exempt agency from someone other than a California dealer or dismantler unless an exemption is established.
- Use tax is not due on sales of exempt vehicles/vessels between state agencies.

**Gifts from or to a Corporation or Partnership:**

An applicant who gives or acquires a vehicle/vessel as a gift to or from a corporation or partnership must pay the use tax **or** submit a Certificate of Use Tax Clearance (BOE 111) issued by the Board of Equalization with the application.

**Inheritance:**

When an application for transfer or registration of a vehicle/vessel contains ***Letters Testamentary*** or ***Letters of Administration***:

- use tax is due, *or*
- a Certificate of Use Tax Clearance (BOE 111) issued by the Board of Equalization must be submitted.

If the co-owners are joined by “**and**”, the vehicle may be transferred to the surviving co-owner with the appropriate:

- Affidavit for Transfer Without Probate (REG 5),
- Letters Testamentary or Letters of Administration, *and*
- signature.

If the vehicle is then transferred ***solely*** to the bequeathed owner, a Statement of Facts (REG 256) must be submitted by the surviving co-owner stating that the vehicle was bequeathed to the applicant.

**Leased Vehicles (R&TC §6277):**

When the lessee buys the vehicle from the lessor:

- at the end of the lease agreement, use tax is due on the balance owed.
- and sells it to a third party **within 10 days**, use tax is due from the third party only.
- and sells it to a third party **after 10 days**, use tax is due from the lessee **and** the third party.

**NOTE:** Transfer dates are important. The lessee may be contacted by the BOE.

**4.020 Transactions Subject to the Use Tax (R&TC §6001 and CVC §§4300.5, 4750.5, 9858.5, and 9928), *continued***

**Lien Sales:**

Use tax is due on a vehicle/vessel sold at lien sale.

<i>If the applicant:...</i>	<i>use tax is due based on the...</i>
purchased the vehicle/vessel at lien sale	<ul style="list-style-type: none"> <li>• purchase price shown on the registration application, or</li> <li>• bill of sale.</li> </ul>
conducted the lien sale and retained ownership	lien amount shown on the Certification of Lien Sale (REG 167 or REG 168)

**NOTE:** Use tax **is not** due when the buyer:

- is a licensed retailer.
- completes the application as a title only or transfer only.
- submits a Board of Equalization Certificate of Use Tax Clearance (BOE 111).

**Multiple Transfers:**

- The department collects use tax on the **last transfer only**.
- The Board of Equalization may request payment of unpaid use tax from the previous owner(s).

**NOTE:** The use tax paid by another owner **cannot be** used to pay any fees/use tax due for the current owner.

**Repossessions:**

Use tax is due upon sale of a repossessed vehicle/vessel unless the:

- reposessor (legal owner) can furnish an exemption, *or*
- vehicle/vessel is being registered to the reposessor (legal owner).

**Trades:**

Use tax is due when a vehicle/vessel is traded to anyone other than a licensed dealer or dismantler for anything of value, even though no money exchanges hands, unless an exemption is established.

**4.020 Transactions Subject to the Use Tax (R&TC §6001 and CVC §§4300.5, 4750.5, 9858.5, and 9928), *continued*****Transfer of Contract**

Use tax is due when a registered owner's equity in a vehicle/vessel financed under a conditional sales contract or mortgaged under a chattel mortgage is transferred to another unless an exemption is established.

**Vehicle/Vessel Purchased Out of State (R&TC §6248)**

Use tax or a Certificate of Use Tax Clearance (BOE 111) issued by the Board of Equalization is required for any vehicle or vessel purchased outside California:

- Between October 1, 2004, and June 30, 2007, and brought into California within **365 days** from the purchase date.
- Between July 1, 2007, and September 29, 2008 and brought into California within **90 days** from the purchase date.
- On or after September 30, 2008, and brought into California within **365 days** from the purchase date.

If sales tax was paid in the other state:

- submit a Statement of Facts (REG 256) with proof of the sales tax paid to the other state, *or*
- obtain a Certificate of Use Tax Clearance (BOE 111) issued by the Board of Equalization.

The difference, if any, of the amount due in California and the amount paid in the other state must be submitted to the department with the fees due.

**IMPORTANT:** Strict adherence to the date of purchase definition is required.

- The applicant **must** enter the date of entry into California, date of delivery to him/her, and all similar data on the application.
- A Statement of Facts (REG 256) completed and signed by the applicant **is required** for any alteration to date of entry or date of purchase.

**NOTE:** The applicant must contact the Board of Equalization if:

- the vehicle/vessel was purchased out of state and stored for a period of time before entering California.
- the applicant maintains the application date is different from his/her date of actual physical possession.

#### 4.020 Transactions Subject to the Use Tax (R&TC §6001 and CVC §§4300.5, 4750.5, 9858.5, and 9928), *continued*

##### Vehicle/Vessel Purchased Out of State by Military Personnel (R&TC §6249):

A member of the armed services on active duty who purchases a **vehicle** prior to the effective date of his/her reassignment to a military installation in California **shall not** be subject to the presumption established by R&TC §6248.

- The applicant must present the Board of Equalization with evidence, such as a copy of the orders, and the Board will issue the applicant an exemption certificate.
- There **is no** military exception for vessels.

##### Yacht and Ship Broker Vessel Sales (CVC §9858.5):

All yacht and ship broker sales are subject to use tax.

- Brokers who **are not** authorized vessel agents:
  - **must** give the buyer the documents and
  - the department collects any use tax due when the buyer presents the application.
- Brokers who **are** authorized vessel agents:
  - may collect the use tax and registration fees from the buyer and transmit those fees to the department with the registration application, *or*
  - they may submit the registration application with the registration fees only to the department at Sacramento Headquarters for collection of use tax.

**NOTE:** If an applicant pays use tax to the broker, a Statement of Facts (REG 256) is required with all information regarding the payment of the tax, including any receipt from the broker for the tax. DMV will determine if the Board of Equalization will need to be contacted.

##### Youth Group Vessels:

- Use tax **is** due on a vessel purchased by a youth group organization.
- Use tax **is not** due on a vessel received as a *gift* by the organization.

#### 4.025 Transactions Not Subject to Use Tax

Transactions **not** subject to use tax are of two general types:

- those **not** considered to be a *retail sale* and
- *retail sales exempted* from payment of use tax.

**4.025 Transactions Not Subject to Use Tax, *continued*****Transactions Not Considered a Retail Sale**

The following transactions are **not** subject to **use tax**:

- **Court Orders**—Transfer of a vehicle/vessel made pursuant to any court order, such as a divorce decree or quiet title judgment, for example.
- **Dealer or Dismantler Vehicles**—Transfer or original registration of a vehicle to a licensed dealer or dismantler, whether or not the vehicle is purchased for resale.
  - The application **must** contain the dealer or dismantler Occupational License (OL) number issued to the applicant by the department.
- **Dealer Vessels**—Transfer or registration of a vessel to a licensed vehicle dealer authorized as a vessel dealer, whether or not the vessel is purchased for resale.
  - The application **must** show the BE permit number issued which identifies the applicant as a vessel dealer.
- **Dismantled Vehicle/Vessel**—A vehicle/vessel reported as dismantled by a licensed dismantler, or subsequently sold to a retail purchaser after being reported dismantled.

**NOTE:** Use tax is due for a vehicle/vessel dismantled by other than a licensed dismantler.

- **Gifts**—Transfer or registration of a vehicle/vessel acquired by the applicant as a gift.
  - The word “gift” may either be entered on the back of the title **or** a Statement of Facts (REG 256) completed by the applicant. In either case, the value of the gift must also be shown.

**NOTE:** A “gift” **does not** apply to a transfer of equity of a contract as explained in Section §4.020.

- **Legal Owner Transfers**—Transfer of the legal owner/lienholder only.
- **Inheritance**—An application for transfer or registration of a vehicle/vessel bequeathed to the applicant which includes an Affidavit for Transfer Without Probate (REG 5) completed by the applicant, is not subject to use tax.
  - A REG 5 is not acceptable for vehicles titled in another state. The out-of-state title must be transferred in the state of origin before California registration can be obtained.
  - If the application contains *Letters Testamentary* or *Letters of Administration*, use tax is due or a Certificate of Use Tax Clearance (BOE 111) issued by the Board of Equalization must be submitted.
- **Transfer on Death (TOD) Beneficiary**—Transfer of a vehicle/vessel to the person named as the Transfer on Death (TOD) beneficiary on the title.

#### 4.025 Transactions Not Subject to Use Tax, *continued*

##### Transactions Not Considered a Retail Sale, *continued*

- **Trust Transfers (R&TC §6285)**—When use tax **is not** due and:
  - the current registered owner is transferring his/her own vehicle into or out of his/her own trust, *or*
  - the vehicle/vessel received as a gift is being transferred into or out of a trust.**submit** the following:
  - Statement of Facts (REG 256) for use tax exemption from the current registered owner stating he/she is transferring his/her own vehicle into or out of his/her own trust.
  - REG 256 or the word “gift” entered on the back of the title when a vehicle/vessel received as a gift is being transferred into or out of a trust.

**NOTE:** A Certificate of Use Tax Clearance (BOE 111) is **not** required.

- **Vehicle(s) Moved on One-Trip Permit**—New or used trailers or semitrailers moved on a One-Trip Permit (REG 43) issued by the department. (R&TC §6410)

##### Retail Sales Transactions

The following transactions **are not** subject to **use tax**, but sales tax may be collected as indicated:

- **American National Red Cross Vehicles**—Registration or transfer to the American National Red Cross, aka American Red Cross, its chapters and branches.
- **Business Name to Sole Owner of the Business**—Transfers from a business name to the name of the individual who is the sole owner of the business, or transfer from the sole owner of a business to the name of the business.

**NOTE:** This **does not** apply if the business is a corporation. Use tax must be paid or a Certificate of Use Tax Clearance (BOE 111) issued by the Board of Equalization must be submitted

- **California Vehicle Dealer Sales**—Sales that include the appropriate dealer report of sale document **and** sales of American-made vehicles to foreign residents who obtain a Foreign Resident In-Transit 30-Day Permit. (R&TC §6366.2) (Sales tax is collected and paid under the seller’s permit #.)
- **California Vessel Dealer or Manufacturer Sales**—Sales by California vessel dealers or manufacturers.
  - The dealer/manufacturer **must** submit a BOAT 110 with the application which is forwarded to the Board of Equalization for review.

**4.025 Transactions Not Subject to Use Tax, *continued*****Retail Sales Transactions, *continued***

- **California Dismantler Sales**—Sales by licensed California dismantlers.
  - The bill of sale in the application **must** identify the seller as a licensed dismantler and include the Dismantler number.
  - Sales tax will be collected by the Dismantler and forwarded to the Board of Equalization
- **Family Transfer Sales (R&TC §6285)**—If the seller is the buyer's natural or *legally-adopted* parent, grandparent, child, grandchild, spouse, or between a brother and sister, if the sale is between two **minors** related by blood or adoption.
  - The application **must include** a Statement of Facts (REG 256) showing the relationship of the buyer to the seller.

**NOTE:** The exemption **cannot** be claimed if the seller is engaged in the business of selling the type of property being transferred or registered.

- **Federal Government Sales**—Sales of vehicles by the federal government under *Government Code* §§201C or 481C.
  - The Certificate of Release of a Motor Vehicle (Standard 97) **must** show one of the above code sections **or** a letter must be submitted from the General Services Administration verifying the sale was made under one of the sections.

**NOTE:** Use tax **is** due on all other government vehicle sales unless a Certificate of Use Tax Clearance (BOE 111) from the Board of Equalization is submitted.

- **Foreign Consuls**—Consular officers of foreign nations are exempt from tax pursuant to treaties and other diplomatic agreements with the United States.
  - The U.S. Department of State issues tax exemption cards and a letter from the Office of Foreign Missions to foreign diplomatic personnel exempt from taxes.
- **Governmental Agencies**—Transfer or registration to a United States Government agency or an agency of the United States.
- **Indian-Owned Trailer Coach or Vessel**—A vehicle, vessel, or trailer coach delivered to an Indian owner on an Indian reservation, and stored and principally used on the reservation.
  - Delivery may be by a licensed transporter or licensed dealer on the dealer plate.
  - A Statement of Facts (REG 256) **must** accompany the application.

4.025 Transactions Not Subject to Use Tax, *continued***Retail Sales Transactions, *continued***

- **Insurance Company Vehicles**—Vehicles purchased by, and registered to, an insurance company for business use.
  - Refer the applicant to the Board of Equalization for review of the application.
  - The Board will issue a Certificate of Use Tax Clearance (BOE 111) or an exemption letter, as appropriate.
  - An exemption letter **must be** part of the application and **cannot** be accepted for registration to other than the insurance company.
- **Leased Vehicles**—Includes:
  - Registration or transfer of a leased vehicle/vessel on which the lessor will pay use tax directly to the Board of Equalization based on the rental receipts.
  - The application **must** include a Statement of Facts (REG 256) from the lessor stating use tax is paid to the board on the rental receipts and the lessor's BE permit number.
  - Transfer from a lessor/lessee to the same lessor and a different lessee **or** to the lessor as the sole registered owner.
- **Minibikes**—Minibikes sold by a minibike business. Attach a copy of the invoice or sales receipt showing payment of sales tax.
- **School Districts**—An application for registration or transfer of a vehicle/vessel acquired by a school district from the Surplus Property Division of the State Board of Education.
- **State Agencies**—An application for registration or transfer of a vehicle/vessel acquired by a state agency from another state agency.
- **Stolen Vehicle/Vessel**—Transfer of an unrecovered stolen vehicle/vessel to the insurance company that was the insurer.
- **Title Only**—An application for “title only” of a vehicle.
- **Transfer Only**—An application for transfer of a “title only” or “transfer only” of a vehicle **not** currently licensed or registered at the time of purchase by the applicant and **not** subject to registration renewal.

<p><b>NOTE:</b> Use tax <b>is</b> due if the purchase date is <b>before</b> the registration expiration date.</p>
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- **U.S. Marshal Sales (R&TC §6402)**—Sales by a U.S. Marshal pursuant to a federal court order **or** *Government Code* §§201C or 481C.
- **Vessels Used in Interstate Commerce**—Vessels engaged for compensation in transporting persons or property in interstate commerce. The applicant **must** complete a Statement of Facts (REG 256) certifying the vessel:
  - was delivered outside California to the purchaser.
  - entered California while engaged in interstate commerce.
  - will be used thereafter exclusively in interstate commerce.

#### 4.030 Computing the Amount of the Use Tax

- Each application subject to use tax **must** show:
  - the purchase price (or vehicle value if a “trade”) on the back of the Certificate of Title, *or*
  - include a bill of sale, *or*
  - a Certificate of Excise Tax Clearance under the Use Fuel Tax Law (BOE 1138, vehicle only) showing the amount of use tax due.
- Applications subject to use tax received in the mail **without** a purchase price **will be** returned to the applicant
- The applicant **must** complete a Statement of Facts (REG 256) explaining any purchase price discrepancies in the application or the use tax **is** based on the higher amount.
- If a selling price **is not** expressed between the seller and buyer and the buyer is unsure of the value, the midpoint between the low and high values shown in a current vehicle value guide book may be used to establish the taxable value for the vehicle (only).

#### Commercial Vehicles

The federal retail excise tax is **not included** in the purchase price when computing any use tax due on the first retail sale of a truck or truck chassis with a gross vehicle weight (GVW) of 33,001 or more pounds or a trailer or trailer chassis with a GVW of 26,001 or more pounds.

#### Disabled Person Vehicles

The cost of any items or materials used to modify a vehicle for a physically disabled person is **not included** in the purchase price when computing any use tax due. (R&TC §6369.4)

#### Trailer Coaches (CCH)

The values of in-place location, awning, skirting, carport, and/or patio, landscaping and shrubs, or unattached furnishings are **not included** in the taxable price.

If these values are not readily known to the new owner, the owner may:

- pay the use tax on the known total and request a refund, *or*
- contact the nearest Board of Equalization office to clarify the amount of use tax due.

**4.030 Computing the Amount of the Use Tax, *continued*****Vehicle Purchased as Cab/Chassis or Chassis/Cowl**

Compute use tax as follows:

<i>If...</i>	<i>and...</i>	<i>then use tax is computed on the...</i>
sales tax was paid on the items installed as a body	evidence of payment <b>is</b> presented	value of only the cab/chassis <b>or</b> the chassis/cowl, as appropriate.
	evidence of payment <b>is not</b> presented	entire vehicle. The applicant must then apply for a refund of sales tax from the Board of Equalization.
the cab/chassis <b>or</b> chassis/cowl is/was purchased from an out-of-state dealer	the body was purchased separately from someone other than a dealer	<b>total</b> cost of the vehicle as shown on the application.

**Vessel and Trailer Combinations**

Determine use tax as follows:

<i>If the applicant knows the...</i>	<i>then show...</i>
separate values of the vessel and the trailer	the separate values on each application.
total combined price only for both the vessel and the trailer	\$1 cost/value on the trailer application (for \$1 use tax) and the remaining cost/value on the vessel application.

**4.035 Credit for Taxes Paid to Another State**

An applicant who purchases a vehicle/vessel out of state may receive credit towards the California use tax due for sales/use tax paid to another state, political subdivision, or the District of Columbia prior to entering California.

The tax credit **cannot** exceed the California tax that is due.

**NOTE:** Credit **is not** given for taxes paid to foreign countries and protectorates of the United States, such as Guam or Puerto Rico.

**4.035 Credit for Taxes Paid to Another State, *continued*****Clearance Requirements**

An applicant who owes California use tax may receive credit for any sales or use tax paid to another state. The additional requirements are:

- A Statement of Facts (REG 256) submitted by the applicant for credit of tax paid to another state with proof of such payment.
- Submit the use tax due after deducting the credit amount from the calculated amount. The tax credit **cannot** exceed the California tax due.

**4.040 Vehicles or Vessels Purchased Outside the United States**

California use tax **is** due on vehicles/vessels purchased and delivered outside the United States for use in California subject to the 365-day or 90-day rule, as appropriate, as explained in Section 4.020 under **Vehicle/Vessel Purchased Out-of-State**.

**4.045 Refund of Use Tax**

If it is determined by DMV, when an application is *clearing* and the use tax previously paid on an RDF **is not** due, the use tax may be refunded to the person who paid it.

Use tax paid by one person **cannot** be used to pay fees/use tax due for another person.

**Application for Refund**

If a refund of use tax is requested **after** an application has cleared:

- The applicant may complete a *Statement of Facts* (REG 256), which includes the **complete** vehicle/vessel description, the date use tax was paid (include the office and cashier numbers, if available), and why the refund is requested.
- The REG 256 can be forwarded to DMV Sacramento Headquarters for referral to the Board of Equalization **or** mailed directly to:

State Board of Equalization  
Consumer Use Tax Section  
450 "N" Street, MIC: 37  
Sacramento, CA 95814-4349

