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888-324-2798

Addendum

Publication 52, Vehicles and Vessels: How to Request a Use Tax Clearance for DMV Registration May 2005 Edition

This notice contains changes in law occurring after publication of this May 2005 edition. Please keep a copy of this addendum with your copy of the publication.

Page 5, Purchased or delivered out-of-state—not intended for use in California (The text below will replace the text in the May 2005 edition)

Use tax requirements changed July 1, 2007, for purchases of vehicles and vessels

- For purchases prior to October 2, 2004, and on or after July 1, 2007, use tax is generally due if a vehicle or vessel is purchased outside California, **and** brought into this state within 90 days of purchase, not including any time of shipment to California, or time of storage for shipment to California.
- For purchases beginning October 2, 2004, through June 30, 2007, use tax was generally due if the vehicle or vessel entered California within 12 months of purchase.

Are there exceptions?

Yes. The buyer generally will not owe use tax if the vehicle or vessel is used outside California more than one-half of the time in the first six months after it is brought into this state.

No change in who collects the tax

The Department of Motor Vehicles collects the use tax at the time of registration on vehicles and undocumented vessels purchased from private parties (not licensed dealers). Our Consumer Use Tax Section collects the use tax on vessels documented with the United States Coast Guard.

Page 6, Limited exclusion for vessels

The exclusion ended June 30, 2007, for a vessel purchased out of state and brought into California during the first 12 months for the limited purpose of repair, retrofit, or modification, and which logs no more than 25 hours of sailing time on that vessel in California. However, vessels brought in for that purpose from October 1, 2004, through June 30, 2007, may still be excluded from tax.

Warranty or repair service performed on vehicles brought into California from outside the state. This exclusion was not discussed in the May 2005 edition.

The 30-day repair period exclusion ended June 30, 2007

As of July 1, 2007, there is no longer a tax exclusion for vehicles purchased outside of California and brought into this state for the exclusive purpose of warranty or repair work.

Exclusion

For the period September 20, 2006, through June 30, 2007, California law provided a use tax exclusion for vehicles purchased outside California and brought into this state for the exclusive purpose of warranty or repair work. To qualify, the vehicle could not remain in California for more than 30 days. However, vehicles brought in for that purpose from September 20, 2006, through June 30, 2007, for no more than 30 days may still be excluded from tax.

The 30-day period began when the vehicle entered California, including any travel time to and from the warranty or repair facility, and ended when the vehicle was returned to a point outside the state. Documents such as a work order showing the dates that the vehicle was at the facility and a statement by the owner of the vehicle specifying dates of travel to and from the facility are required to support the exclusion.

For farm equipment and timber harvesting, the correct tax exemption rate is 5.25 percent, not 5 percent. See page 14.

The current partial tax exemption rate of 5.25 percent was incorrectly given as 5 percent on page 14. Eligibility for the exemption remains as presented in the publication.

Effective July 1, 2004, if you qualify for the partial tax exemption for farm equipment and timber harvesting equipment, you are not required to pay the current 5.25 percent state portion of the sales and use tax rate.

You may be eligible for a partial tax exemption if you are registering farm equipment or timber harvesting equipment that will be used primarily to produce and harvest agricultural products or used in commercial timber harvesting. To claim the partial exemption

- You must be a “qualified person,”
- The equipment must qualify, and
- The use of the equipment must qualify.

Please refer to publication 66, *Tax Tips for the Agricultural Industry*, on our website, or request a copy by calling our Taxpayer Information Section.

For More Information

Information concerning use tax due on purchases of vehicles and vessels is found on our website at www.boe.ca.gov. For any questions regarding use tax or this notice, please call our Taxpayer Information Section at 800-400-7115 (TDD/TTY: 800-735-2929). Staff are available weekdays from 8:00 a.m. to 5:00 p.m. Pacific time, except state holidays.

Vehicles and Vessels

HOW TO REQUEST A USE TAX CLEARANCE FOR DMV REGISTRATION

Board Member Names Updated 2007

Betty T. Yee ■ San Francisco ■ First District

Bill Leonard ■ Ontario/Sacramento ■ Second District

Michelle Steel ■ Rolling Hills Estates ■ Third District

Judy Chu, Ph.D. ■ Los Angeles ■ Fourth District

John Chiang ■ State Controller

...

Executive Director ■ Ramon J. Hirsig



S T A T E B O A R D
O F E Q U A L I Z A T I O N
M A Y 2 0 0 5
P U B L I C A T I O N 5 2 L D A

**Please read the appendix
if you are registering ...**

- Commercial deep-sea fishing vessels
- Equipment used to produce and harvest agricultural products or used in commercial timber harvesting.

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Board of Equalization office addresses and telephone numbers	(see inside back cover)
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Taxpayers' Rights Advocate

The State Board of Equalization wants to make dealing with us as easy as possible, so we have appointed a Taxpayers' Rights Advocate to help you with problems you cannot resolve at other levels.



Taxpayers' Rights Advocate, MIC:70
State Board of Equalization
450 N Street
PO Box 942879
Sacramento, CA 94279-0070

Telephone: 916-324-2798 or toll-free 888-324-2798

Fax: 916-323-3319

Internet address: www.boe.ca.gov/info/contra.htm

To obtain a copy of publication 70, *The California Taxpayers' Bill of Rights*, call our Information Center, 800-400-7115, or download a copy from www.boe.ca.gov.

Introduction

- What's inside.
- Who is required to pay California use tax?
- If I am required to pay use tax, how is the tax amount calculated?
- If I qualify for an exemption, do I need to obtain a Certificate of Use Tax Clearance?
- Where can I get help?

What's inside

Inside, you will find examples of vehicle and vessel transfers that are not subject to California use tax.

You will also find instructions on how to apply for a Certificate of Use Tax Clearance (form BOE-111) from the Board of Equalization for various exemptions.

This publication addresses only the more common exemptions. If you think you may qualify for an exemption that is not described here, please call or write the Board of Equalization to discuss your situation (see page 2).

This publication does not apply to vehicles or trailers purchased out of state for use in interstate and foreign commerce. If you purchased a trailer for this purpose and think it may be exempt from California use tax, please contact the Board's Consumer Use Tax Section prior to obtaining Permanent Trailer Identification at the California DMV.

This publication also does not apply to documented vessels that are registered with the U.S. Coast Guard. For information on exemptions for the purchase and use of documented vessels, please call our Information Center at 800-400-7115 and request a copy of publication 40, *Tax Tips for the Watercraft Industry*. You can also contact the Consumer Use Tax Section of the Board of Equalization for more information. Call 916-445-9524.

Who is required to pay California use tax?

Unless an exemption applies, either sales or use tax applies to the purchase of vehicles or vessels for use in California.

If you buy a vehicle or vessel from someone who is engaged in business in California as an auto or vessel dealer, that person is responsible for reporting and paying sales tax.

However, if you buy a vehicle or vessel—or receive one as compensation—from someone who is not a California dealer, you are generally required to pay use tax for the use of the property in this state.

As explained in this pamphlet, your purchase may qualify for an exemption and may not be subject to use tax.

If I am required to pay use tax, how is the tax amount calculated?

The tax rate for use tax is the same as that for sales tax, but it is determined by the address where the vehicle is registered or the vessel is moored.¹

The use tax is based on the total purchase price of the vehicle or vessel. The total purchase price includes cash, the payment or assumption of a loan or debt, and the fair market value of any property and/or services traded or exchanged for the vehicle or vessel.

If I qualify for an exemption, do I need to obtain a Certificate of Use Tax Clearance?

DMV can process many transfers without requiring that you obtain a Certificate of Use Tax Clearance from the Board of Equalization. For example, transfers of vehicles between qualified family members may not require a certificate.

¹ If DMV charges an incorrect rate because your zip code indicates that you live in a city with a higher tax rate, see page 15.

If you are asked to obtain a certificate, you should follow the procedures listed below. If you have questions regarding these procedures, please contact the Board or the DMV (see page 2).

- To avoid penalty charges, be sure to pay your DMV transfer fee on time. The transfer fee must be paid timely, whether or not you have received a reply from the Board of Equalization about your request for a tax clearance. If you apply for a tax clearance, the DMV will return your application to you and ask that you send it back to them after you have received a reply from the Board.
- To request a use tax clearance, you must submit form BOE-106, *Vehicle/Vessel Use Tax Clearance Request*, to the Board of Equalization (see page 17). You may use or reproduce this form or call our Information Center for copies at 800-400-7115.

If you are asked to provide supporting documentation, as indicated in this pamphlet, please send photocopies. Do not send *original documents*.

- If your request is approved, the Board will issue you a Certificate of Use Tax Clearance (form BOE-111). Return your DMV registration application, along with the original clearance certificate, to the DMV. (Make a copy of the certificate and your DMV application for your records).

Note: In some cases, the Board may ask for additional information before it decides whether to approve a clearance request.

If your request is denied, the use tax is due and must be paid to the DMV. If you disagree with the Board's findings, you must still pay the tax to the DMV. However, you may file a claim for refund with the Board. Claims for refund should be sent to Audit Determination and Refund Section State Board of Equalization
PO Box 942879
Sacramento, CA 94279-0039

Please contact the Board of Equalization's Consumer Use Tax Section or a local Board of Equalization district office (see inside back cover) if you have any additional questions regarding denied exemption requests.

Where can I get help?

State Board of Equalization

Do you have general questions about use tax exemptions?

Please call our Information Center, 800-400-7115.

Have you filed a request for use tax clearance?

If you filed your request with a local Board office, contact that office for help. See inside back cover for telephone numbers and addresses of local Board of Equalization District offices.

If you filed your request with the Consumer Use Tax Section, please contact them at 916-445-9524.

Department of Motor Vehicles

Please contact a local field office (see the State Government pages of your telephone directory).

Note: The statements in this pamphlet are general and are current as of the date on the cover. The Sales and Use Tax Law (Revenue and Taxation Code, Section 6001 and following) is complex and subject to change. If there is a conflict between the law and this pamphlet, any decisions will be based on the law and not this pamphlet.

Vehicles and Vessels Transferred to Individuals

- Received as a gift
- Purchased from a family member
- Involuntary transfer of ownership (court order, lien, inheritance)
- Dissolution of a corporation, limited liability company, or partnership
- Purchased or delivered out of state— not intended for use in California
- Military personnel
- Purchased from the U.S. Government
- Purchased by an Indian for use on a reservation

Received as a gift

If you received a vehicle or vessel as a gift, you are not required to pay California use tax and can apply for a Certificate of Use Tax Clearance.

However, the vehicle or vessel is not considered a gift if

- You paid cash, traded property, provided services, or assumed a liability in exchange for the vehicle or vessel; *or*
- Your employer gave you the vehicle or vessel as a form of compensation (for example, a vehicle given to an employee as a bonus).

Examples of transfers that do not qualify as gifts

- A friend gives you a vehicle, and you agree to take over the loan payments. You must pay use tax computed on the balance of the loan still owed to the lender and any other consideration given to acquire the vehicle.
- You are an employee, and your employment contract requires your employer to provide a vehicle as a

bonus. Your employer provides the vehicle and issues you a W2 form, *Statement of Wages Earned*, for the value of the vehicle. Tax applies to the amount shown on the W2 form.

- You are a shareholder and are given a vehicle or vessel by the corporation as a dividend. Use tax applies to the value reported by the corporation as a dividend on its income tax return.

How To Request a Certificate of Use Tax Clearance (form BOE-111)

Submit form BOE-106, *Vehicle/Vessel Use Tax Clearance Request*, to the Board of Equalization (see page 17). If you are registering more than one vehicle or vessel, you can attach a list to the form. Include the following documentation:

- A copy of the certificate of title or a copy of the current registration if title is not available.
- A written statement signed by you, indicating that you did not pay for the vehicle or vessel, trade other property for it, assume a debt in exchange for it, or receive it as a dividend or compensation from an employer. Include the vehicle's identification number (VIN#) or license plate number or the vessel's California registration number (CF#) or hull identification number (HIN#).
- If the gift is from an individual, provide a signed, written statement from that person, indicating the property was given to you as a gift. The statement must contain the vehicle's identification number (VIN#) or license plate number, or the vessel's California registration number (CF#) or hull identification number (HIN#).
- If the donor is a corporation, limited liability company, partnership, or similar business organization, provide a copy of the business or corporate minutes from a meeting of the Board of Directors or governing body, showing

authorization of the gift. The minutes should include information that clearly describes the vehicle or vessel, such as the vehicle's identification number (VIN#) or license plate number or the vessel's California registration number (CF#) or hull identification number (HIN#).

- If the transfer is to or from a trust, provide copies of the title page and signature or execution pages of the trust, plus the applicable pages referring to the vehicle or vessel.
- If you received the vehicle or vessel as a gift from a licensed vehicle or vessel dealer, obtain a copy of the bill of sale *or* a statement from the dealer stating that the tax will be paid to the state. This document should include the dealer's business name and address and California seller's permit number.

You may be required to provide additional information.

Purchased from a family member

You are not required to pay use tax if you purchase a vehicle or vessel from a parent, grandparent, grandchild, child, spouse, or domestic partner. If you are a minor (under age 18) and purchase a vehicle or vessel from a minor brother or sister (related to you by blood or adoption), you are not required to pay use tax. Otherwise, tax applies.

Note: The tax exemption *does not* apply if

- The family member is a licensed vehicle or vessel dealer in California.
- The vehicle or vessel is being transferred from a revocable living trust to a family member who is not a trustee of the trust.

How To Request a Certificate of Use Tax Clearance (form BOE-111)

In most cases, the DMV will not ask you to provide a Certificate of Use Tax Clearance. However, if they do, you must request the certificate from the Board of Equalization

by submitting form BOE-106, *Vehicle/Vessel Use Tax Clearance Request* (see page 17). If you are registering more than one vehicle or vessel, you can attach a list to the form. Include **copies** of the following documentation:

- Documents that show proof of the relationship (and age if the transfer is between minors), such as a marriage license (or a Franchise Tax Board tax return showing the parties as spouses), a Certificate of Registration of Domestic Partnership, a birth certificate, or an adoption certificate.
- The certificate of title or current registration if title is not available.

Involuntary transfer of ownership (court order, inheritance)

If you have assumed ownership as the result of an involuntary transfer of ownership, you are not required to pay use tax. An "involuntary transfer" is one in which you assume ownership of a vehicle or vessel due to circumstances beyond your control. For example, you may have acquired the vehicle or vessel as the result of a court order, a property settlement in a divorce, an inheritance from an estate, or the repossession of a vehicle or vessel you sold.

How To Request a Certificate of Use Tax Clearance (form BOE-111)

You must request the certificate from the Board of Equalization by submitting form BOE-106, *Vehicle/Vessel Use Tax Clearance Request* (see page 17). If you are registering more than one vehicle or vessel, you can attach a list to the form. Include **copies** of the following documentation:

- The certificate of title or properly endorsed documents from the court or the DMV.
- Official court property settlement documents or a certificate of repossession. The documents should include information that clearly

describes the vehicle or vessel, such as the vehicle's identification number (VIN#) or license plate number or the vessel's California registration number (CF#) or hull identification number (HIN#). If they do not provide adequate information, you may need to obtain additional documentation.

Dissolution of a corporation, limited liability company, or partnership

You may have received a vehicle or vessel as the result of the distribution of assets upon the dissolution of a corporation, limited liability company, or partnership. If the vehicle or vessel was given to you solely as a liquidation distribution and no consideration was given for the property (for example, the payment of cash or the assumption of a liability), the transfer is not subject to use tax.

How To Request a Certificate of Use Tax Clearance (form BOE-111)

Submit form BOE-106, *Vehicle/Vessel Use Tax Clearance Request* to the Board of Equalization (see page 17). If more than one vehicle or vessel is involved, you can attach a list to the form. Include **copies** of the following documentation:

- The certificate of title or current registration if title is not available.
- Business or corporate minutes from a meeting of the Board of Directors or governing body authorizing the distribution of assets. The minutes should include information that clearly describes the vehicle or vessel, such as the vehicle's identification number (VIN) or license plate number or the vessel's California registration number (CF#) or hull identification number (HIN#). If the corporation is closely held, a statement containing the above information, signed by the officers, will suffice.
- Dissolution documents, which should indicate that the liabilities of the

corporation, limited liability company, or partnership have been satisfied.

You may be required to provide additional information.

Purchased or delivered out of state—not intended for use in California

The approval of the 2004–2005 California Budget included Senate Bill 1100 which replaced the “90-day” test with a “12-month” test to determine whether an out-of-state purchase of a vehicle or vessel was a purchase for use in California and subject to California use tax. The new rules are explained below and will be in effect through June 30, 2006. We will post information on our website if the statutory period is extended.

Beginning October 2, 2004, a vehicle or vessel purchased outside of California and brought into California within 12 months from the date of its purchase is presumed to have been purchased for use in California and is subject to tax if that vehicle or vessel is any of the following:

- Purchased by a California resident as defined in section 516 of the California Vehicle Code¹, or
- In the case of a vehicle, subject to registration in California during the first 12 months of ownership, or
- In the case of a vessel, subject to property tax in California during the first 12 months of ownership, or
- Used or stored in California for more than one-half of the time during the first 12 months of ownership.

¹ Vehicle Code section 516 provides in part that a “resident” means any person, including a natural person, firm, partnership, association, limited liability company, or corporation, who shows an intent to live or be located in California on more than a temporary basis. Presence in California for six months or more in any 12-month period creates a rebuttable presumption of residency, as evidenced by factors including the address where the resident is registered to vote and the location of his or her place of employment or business.

For a purchaser to qualify for the exclusion from use tax described above, title (ownership) and possession of the vehicle or vessel must transfer to the purchaser outside of California. When a purchaser exercises control over the vehicle or vessel in California prior to the planned out-of-state delivery, ownership transfers to the purchaser in California. Therefore, if any person *other* than the seller, or an agent acting on behalf of the seller, delivers the vehicle or vessel from California to the purchaser at an out-of-state location, ownership transfers to the purchaser in California, and California use tax applies. For example, if a purchaser asks a friend or hires a common carrier to deliver the property from California to himself at an out-of-state location, use tax applies.

Limited Exclusion for Vessels

A vessel that is purchased out of state and brought into California during the first 12 months of ownership for the limited purpose of repair, retrofit, or modification is not presumed to have been purchased for use in California if the purchaser, or agent of the purchaser, logs no more than 25 hours of sailing time *on that vessel in California* for incidental or other use. The calculation of sailing time logged does not include sailing time logged after the completion of the vessel's repair, retrofit, or modification for the sole purpose of returning or delivering the vessel to a point outside California. This exclusion does not apply to vehicles.

How To Request a Certificate of Use Tax Clearance (form BOE-111)

Submit form BOE-106, *Vehicle/Vessel Use Tax Clearance Request*, to the Board of Equalization (see page 17). If you are registering more than one vehicle or vessel, you can attach a list to the form. Include **copies** of the following documentation:

- The certificate of title or transfer of title document or current registration if title is not available.

- Purchase invoice showing original delivery date and place of delivery.
- Documentation supporting functional use of the vehicle or vessel outside California (for example, out-of-state registration, gas, repair, and hotel receipts) during the first 12 months of ownership.
- Shipping receipts showing the date of delivery to a shipping agent and the date the property was delivered to the owner (if the vehicle or vessel was shipped). The receipts should include information that clearly describes the vehicle or vessel, such as the vehicle's identification number (VIN#) or license plate number, or the vessel's California registration number (CF#) or hull identification number (HIN#). If the receipts do not provide adequate information, you may need to provide additional documentation. Also, a vehicle purchaser may use form BOE-448, *Statement of Delivery Outside California*, to support the fact that the vehicle was delivered outside this state.

How To Calculate Your Liability if Tax Is Due

If your purchase is taxable, you *may* be eligible for a credit for sales or use tax paid to another state at the time you purchased the vehicle or vessel. For example, if you properly paid a \$150 sales or use tax payment to another state and the California use tax due is \$200, the DMV will credit you for the \$150 and charge you \$50 for the balance of the use tax due. Conversely, if you paid a \$200 sales or use tax payment to another state and the California use tax due is \$150, you will not be charged an amount for California use tax.

Please provide the DMV a copy of the purchase agreement or other document that shows proof of payment and the amount of sales or use tax paid to the other state.

Purchases Prior to October 2, 2004

If you purchased your vehicle or vessel for use outside of California prior to October 2, 2004, or were subject to a binding purchase contract on or before October 1, 2004, different rules apply to your purchase. Please see the “Frequently Asked Questions—Use Tax on Purchases of Vehicles, Vessels and Aircraft” page on our website at www.boe.ca.gov/sutax/faqtrans.htm or call our Information Center at 800-400-7115.

Military personnel

If you brought a vehicle into California because of a military transfer, you are not required to pay California use tax if the date of the contract to purchase the vehicle was *prior to the date of your orders transferring you to California*. If you purchase a vehicle after receipt of orders, tax applies unless you can show that you did not intend to use the vehicle in California (see page 5, “Purchased or delivered out of state—not intended for use in California”).

Note: If your purchase is subject to tax, you may be eligible for a credit for sales or use tax paid to another state at the time you purchased the vehicle. Please provide the DMV with a copy of the purchase agreement showing the amount of sales or use tax you paid to another state. If the tax paid to another state is lower than the use tax due to California, you will owe the difference. The DMV is able to handle this credit directly.

How To Request a Certificate of Use Tax Clearance (form BOE-111)

Submit form BOE-106, *Vehicle/Vessel Use Tax Clearance Request*, to the Board of Equalization (see page 17). If you are registering more than one vehicle, you can attach a list to the form.

Include **copies** of the following documents:

- Current certificate of title or registration if title is not available.

- Purchase contract, showing the date of purchase.
- Your official military transfer orders.

Purchased from the U.S. Government

If you purchase a vehicle or vessel from the U.S. Government, your purchase *may or may not be exempt from California use tax*.

Specific conditions must be met in order for the exemption to apply.

Note: Exemptions that apply to purchases made from the U.S. Government do not extend to purchases from the State of California or local governments, such as cities and counties.

Purchases not subject to tax. If you purchase a vehicle or vessel from a U.S. Marshal as part of a sale ordered by a federal court, you are not liable for use tax. Likewise, sales made in accordance with the following U.S. Code sections are not subject to use tax:

- United States Code, Title 8, section 1324 (Aliens and Nationality)
- United States Code, Title 19, section 1595a (Custom Duties)
- United States Code, Title 21, section 881 (Food & Drugs)
- United States Code, Title 40, section 481(c) (Public Buildings, Property and Works)

Your receipt will usually identify the section under which the property was sold.

Purchases subject to tax. The U.S. Government often holds auctions to sell property it has seized as part of a lien enforcement or as the result of a loan default. For example, the Internal Revenue Service may sell property it has seized for tax collection purposes (in accordance with Internal Revenue Code, section 6335). Or the Small Business Administration may sell property that had been used to secure loans which later defaulted (in accordance with the Uniform Commercial Code). Or the federal government may hold an

auction to dispose of surplus property (in accordance with United States Code, Title 40, section 484, “Disposal of Surplus Property”). Sales made in this manner are *subject to use tax* unless another exemption applies.

How To Request a Certificate of Use Tax Clearance (form BOE-111)

Submit form BOE-106, *Vehicle/Vessel Use Tax Clearance Request*, to the Board of Equalization (see page 17). If you are registering more than one vehicle or vessel, you can attach a list to the form. Include **copies** of the following documentation:

- Vehicle or vessel transfer documents issued by the United States Government.
- The purchase invoice, which should include information that clearly describes the vehicle or vessel, such as the vehicle’s identification number (VIN#) or license plate number, or the vessel’s California registration number (CF#) or hull identification number (HIN#). If the invoice does not provide adequate information, you may need to provide additional documentation.
- Documentation indicating the authority under which the property was sold (United States Code, Title, and section). If the purchase invoice shows this authority, no additional documentation is needed. Otherwise, you may need to request a letter from the federal government verifying the authority. Contact the selling agency or contact the General Services Administration at 415-522-3020 for this information.

Purchased by an Indian for use on a reservation

Use tax does not apply to a vehicle or vessel purchased by an Indian¹ who resides on a reservation,² if the vehicle or vessel is delivered to the purchaser on the reservation and the ownership transfers

on the reservation to the Indian. To qualify for exemption, the vehicle must, in the first 12 months following delivery, be used more on a reservation than it is used off a reservation.

Note: If the vehicle or vessel is purchased by a married couple or by domestic partners but only one of the purchasing spouses or partners is an Indian, only half of the purchase price is exempt from tax. Please call the Board’s Consumer Use Tax Section at 916-445-9524 for information on how to pay the correct amount of use tax.

How To Request a Certificate of Use Tax Clearance (form BOE-111)

Submit form BOE-106, *Vehicle/Vessel Use Tax Clearance Request*, to the Board of Equalization (see page 17). If you are registering more than one vehicle or vessel, you can attach a list to the form.

Include **copies** of the following documents:

- The certificate of title or current registration if title is not available.
- Purchase invoice, showing the date you took title to the vehicle or vessel and showing the date and place the vehicle or vessel was delivered to you.
- Your Indian member identification card.
- Your proof-of-residency letter from your Tribal Council.

¹ *Indian* means any person of Indian descent who is entitled to receive services as an Indian from the United States Department of the Interior.

² *Reservation* includes reservations, rancherias, and any land held by the United States in trust for any Indian tribe or individual Indian.

Vehicles and Vessels Transferred to a Corporation, Limited Liability Company, or Partnership

- Transfers to existing corporations
- Contributions to commencing corporations, limited liability companies, or partnerships
- Transfers to substantially similar corporations, limited liability companies, or partnerships
- Involuntary transfers of ownership (court order or repossession)

Transfers to existing corporations

The transfer of a vehicle or vessel to an existing corporation is not subject to use tax if the property is transferred to the corporation for no consideration.

Examples of *consideration* include cash, credits, shares in the corporation, promissory notes, the fair market value of any trade (including “even” trades), the cancellation of a debt, or the assumption of a loan.

If the corporation gives consideration for the vehicle or vessel, the transfer is subject to use tax based on the value of the consideration given.

“Bargain sales” or donations to a nonprofit organization.

In some cases, a seller will “donate” a portion of the selling price of a vehicle or vessel as a charitable donation for income tax purposes and ask for consideration, such as cash, for the remaining value of the vehicle or vessel. Use tax is based on the actual consideration given to the seller—not the donated portion of the selling price.

How To Request a Certificate of Use Tax Clearance (form BOE-111)

Submit form BOE-106, *Vehicle/Vessel Use Tax Clearance Request*, to the Board of Equalization (see page 17). If you are transferring more than one vehicle or vessel, you can attach a list to the form. Include the following documentation:

- The certificate of title or current registration if title is not available.
- A written statement signed by a representative of the company, indicating that the corporation did not pay for the vehicle or vessel or assume a debt in exchange for it. The statement should contain the vehicle’s identification number (VIN#) or license plate number, or the vessel’s California registration number (CF#) or hull identification number (HIN#).
- A written statement from the donor, indicating (1) he or she received no consideration for the property and (2) the property was not given as part of a contractual agreement. The statement should include information that clearly describes the vehicle or vessel, such as the vehicle’s identification number (VIN#) or license plate number, or the vessel’s California registration number (CF#) or hull identification number (HIN#). If the statement does not provide adequate information, you may need to obtain additional documentation.

Note: If the donor is a corporation, limited liability company, partnership, or similar business, it must also provide documentation showing that the person signing the above written statement is authorized to sign for the donor.

You may be required to provide additional information.

Contributions to commencing corporations, limited liability companies, or partnerships

If a commencing corporation, limited liability company, or partnership has received a vehicle or vessel solely in exchange for the first issue of stock in the commencing corporation or for an ownership interest in a commencing limited liability company or partnership, the transfer is nontaxable. However, if there is a lienholder on the vehicle or vessel and the corporation, limited liability company, or partnership assumed the liability or paid any other consideration, it must pay use tax based on the liability assumed and any other consideration given or paid to acquire the vehicle or vessel.

How To Request a Certificate of Use Tax Clearance (form BOE-111)

Submit form BOE-106, *Vehicle/Vessel Use Tax Clearance Request*, to the Board of Equalization (see page 17). If you are registering more than one vehicle or vessel, you can attach a list to the form. Include **copies** of the following documentation:

- The certificate of title or current registration if title is not available.
- Corporate minutes or other written document of the commencing corporation, limited liability company, or partnership authorizing acceptance of the vehicle or vessel in exchange for a first issue of stock or membership or partnership interest. The document should include information that clearly describes the vehicle or vessel, such as the vehicle's identification number (VIN#) or license plate number, or the vessel's California registration number (CF#) or hull identification number (HIN#). If the minutes do not provide adequate information, you may need to obtain additional documentation.

- A statement by the transferor that the transfer is solely in exchange for stock or membership or partnership interest in the commencing corporation, limited liability company, or partnership.
- The original statement of partnership or articles of incorporation or organization filed with the Secretary of State.

You may be required to provide additional information.

Transfers to substantially similar corporations, limited liability companies, or partnerships

A transfer of a vehicle or vessel to a similarly owned corporation, limited liability company, or partnership is not subject to use tax if

- The total property transfer, including the vehicle or vessel, represents at least 80 percent of the property used by the transferring entity in its business endeavor, *and*
- The real or ultimate ownership of the resulting corporation, limited liability company, or partnership is substantially similar (80 percent) to the ownership of the corporation, limited liability company, or partnership that transferred the vehicle or vessel.

How To Request a Certificate of Use Tax Clearance (form BOE-111)

Submit form BOE-106, *Vehicle/Vessel Use Tax Clearance Request*, to the Board of Equalization (see page 17). If you are registering more than one vehicle or vessel, you can attach a list to the form. Include **copies** of the following documentation:

- The certificate of title or current registration if title is not available.

- Articles of incorporation or organization, statement of partnership, or similar documentation filed with the Secretary of State.
- Proof of previous ownership of the corporation, limited liability company, or partnership and a list of its assets, such as a recent income tax return with depreciation schedules.
- Corporate stock register or comparable documentation that identifies owners, shareholders, members, or partners and percentage of ownership.

You may be required to provide additional information.

Involuntary transfer of ownership (court order or repossession)

An “involuntary transfer” is a transfer in which a transferee, because of circumstances beyond the transferee’s control, assumes ownership. For example, a corporation may receive a vehicle as the result of a court order or the repossession of a vehicle or vessel previously sold by it.

Use tax does not normally apply if title to the property changes due to circumstances beyond your control.

How To Request a Certificate of Use Tax Clearance (form BOE-111)

Submit form BOE-106, *Vehicle/Vessel Use Tax Clearance Request*, to the Board of Equalization (see page 17). If you are registering more than one vehicle or vessel, you can attach a list to the form. Include **copies** of the following documentation:

- The certificate of title or current registration if title is not available.
- Minutes of the Board of Directors or governing body, showing receipt of the involuntary transfer. If minutes cannot be provided, a signed letter from the transferee accepting the property will suffice. Either document must contain the vehicle identification number

(VIN#) or the California vessel registration number (CF#) or hull identification number (HIN#).

- Official court property settlement documents or certificates of repossession. These documents must contain the vehicle’s identification number (VIN#) or license plate number or the vessel’s California registration number (CF#) or hull identification number (HIN#).

You may be required to provide additional information.

Vehicles and Vessels Transferred into Revocable Living Trusts

Subject to the conditions listed below, the transfer of a vehicle or vessel into a *revocable* living trust is not subject to use tax.

Note: There is no exemption in the law for transfers to *irrevocable* trusts.

Transfers into revocable living trusts

The transfer of a vehicle or vessel into a revocable trust is not subject to tax if *all* of the following conditions are met:

- The trustees of the living trust have the unrestricted power to revoke the trust.
- The transfer does not result in any change in the beneficial ownership of the property (the people who actually use or benefit from the use of the vehicle or vessel).
- The trust provides that upon revocation of the trust, the vehicle or vessel will revert wholly to the transferor.
- The only consideration for the transfer is the assumption by the trust of an existing loan for which the tangible personal property being transferred is the sole collateral.

How To Request a Certificate of Use Tax Clearance (form BOE-111)

Submit form BOE-106, *Vehicle/Vessel Use Tax Clearance Request*, to the Board of Equalization (see page 17). If you are registering more than one vehicle or vessel, you can attach a list to the form. In your request for exemption, be sure to cover the elements listed above.

Include **copies** of the following documentation:

- The certificate of title or current registration if title is not available.
- Certificate of Trust or other proof of existence of the trust, such as copies of the title page and the signature or execution page.
- Sections of the trust relating to transfers of property.
- Loan assumption papers.
- Documentation verifying the donor's relationship to the trust.

You may be required to provide additional information.

¹ Vehicle Code section 516 provides in part that a "resident" means any person, including a natural person, firm, partnership, association, limited liability company, or corporation, who shows an intent to live or be located in California on or more than a temporary basis. Presence in California for six months or more in any 12-month period creates a rebuttable presumption of residency, as evidenced by factors including the address where the resident is registered to vote and the location of his or her place of employment or business.

APPENDIX 1

Commercial Deep-Sea Fishing Vessels

The information in this section applies to vessels that are registered with the DMV. It does not apply to vessels that are documented, or registered, with the U.S. Coast Guard. If you are claiming an exemption for such a vessel, please contact the Board of Equalization's Consumer Use Tax Section for more information. Call 916-445-9524.

Exempt use of deep-sea fishing vessels

Use tax does not apply to vessels registered with the DMV if they are used principally in the business of deep-sea fishing outside the territorial waters of California and by persons who are regularly engaged in commercial deep-sea fishing.

To qualify for exemption, you must retain evidence that the vessel was used principally (more than 50 percent of its activity) in commercial deep-sea fishing operations outside the territorial waters of California during the first 12 months beginning with its first activity after sale or lease. Unless you can establish otherwise, it is presumed you are not regularly engaged in commercial deep-sea fishing if your gross receipts for that 12-month period are less than \$20,000.

The following are examples of documentation to retain as evidence:

- Receipts for commercial sales (fish tickets).
- Copies of the individual's and vessel's commercial fishing license(s).
- Vessel logs showing Loran or GPS (global positioning system) readings and engine hours.
- Copy of income tax return(s).
- Photographs of the entire vessel.

How To Request a Certificate of Use Tax Clearance (form BOE-111-B)

Submit form BOE-106, *Vehicle/Vessel Use Tax Clearance Request*, to the Board of Equalization (see page 17). If you are registering more than one vessel, you can attach a list to the form. In your request, be sure to state the expected primary usage of the vessel.

If you purchased the vessel from a vessel dealer, include **copies** of the following documentation with your form:

- The Statement of Origin, including the hull identification number (HIN#).
- Purchase invoice, showing the vessel's price and its expected delivery date.

If you purchased the vessel from someone who is not a vessel dealer (a private party, for example), include

- A copy of the bill of sale or purchase invoice showing the vessel's price and delivery date.

If you are issued a Certificate of Use Tax Clearance, you must take it to the DMV to complete your registration with them.

The Board will contact you approximately one year after issuance of the certificate to obtain records that verify the use of the vessel qualifies for the exemption. If the use of the vessel does not qualify for the exemption, the Board will advise you of your use tax liability.

APPENDIX 2

Partial Tax Exemptions

Introduction

The following information applies to the registration of farm equipment or timber harvesting equipment purchased from someone other than a California dealer (for example, from a private party in California or from an out-of-state dealer).



You may be eligible for a partial tax exemption if you are registering farm equipment or timber harvesting equipment that will be used primarily to produce and harvest agricultural products or used in commercial timber harvesting.

To claim the partial exemption,

- You must be a “qualified person,”
- The equipment must qualify, and
- The use of the equipment must qualify.

You can go online to determine whether you, the equipment, and the use qualify.

Farm equipment

www.boe.ca.gov/sutax/exemptfem.htm

Timber harvesting equipment

www.boe.ca.gov/sutax/exemptthar.htm

If you cannot go online, please call our Information Center, 800-400-7115.

If you qualify for the partial tax exemption, you will not be required to pay the state portion of the sales and use tax rate (currently five percent).

If you qualify for the partial tax exemption

You have two payment options. You can

- **Pay the tax—not reduced by the partial exemption—to DMV at the time you register**

After you have paid the tax to DMV, you may ask the Board of Equalization for a refund of the partially exempt amount.

To request a refund, visit any Board office or write to the Consumer Use Tax Section (see inside back cover).

When requesting a refund, provide the following documentation:

- A copy of the certificate of title or current registration if title is not available.
- A copy of written evidence of being engaged in one of the required Standard Industrial Classification codes (for example, a copy of a current income tax return including Schedule F, which shows an equivalent NAICS Code; or a copy of an employment or service contract).
- Bill of Sale or Purchase Invoice
- A completed partial exemption certificate supporting the claimed partial exemption. You can go online for a copy or call our Information Center, 800-400-7115.

Farm equipment:

www.boe.ca.gov/pdf/reg1533-1.pdf

Timber harvesting equipment:

www.boe.ca.gov/pdf/reg1534.pdf

If your request is approved, the Board will mail you a refund check.

- **Pay the tax—reduced by the partial exemption—directly to the Board of Equalization and receive a tax clearance from the Board to submit to the DMV.**

To request a tax clearance, you can write to the Consumer Use Tax Section or visit any Board office (see inside back cover).

You must submit form BOE-106, *Vehicle/Vessel Use Tax Clearance Request* (see page 17) to the Board. If you are registering more than one vehicle, you can attach a list to the form.

In your request, please explain that you are claiming a partial tax exemption. Include with your request the documentation listed in the previous section.

APPENDIX 3

Vehicles and Vessels Registered at Addresses Outside Tax Districts

(Incorrect Tax Rate Applied)

Introduction

In California, many cities and counties have special tax districts that impose an additional tax to fund those districts. If you register a vehicle or vessel at DMV to an address that has a zip code that falls within a special tax district, the district tax is included as part of the total tax collected.

However, you are not liable for the district tax if

- The registration address has a zip code that falls within a special tax district **but**
- The registration address is actually located outside that district.

Example: You register your car at your home in Fresno County. You live near, but not in, the City of Clovis, which has a special tax district. Homes in the City of Clovis have the same zip code you do. If the use tax rate charged by DMV includes the Clovis district tax, you are not liable for that district tax.

If you are not liable for a district tax, as described above, you have two options.

You can

- Pay the correct tax at a Board of Equalization office and obtain a tax clearance before you register your vehicle, or
- Pay the tax requested by DMV and file a claim for refund for the district tax with the Board of Equalization.

If you choose to pay your use tax liability directly to the Board of Equalization

You can write to the Board's Consumer Use Tax Section or visit a Board office (see inside back cover for addresses) to pay use tax on your vehicle or vessel. For expedited service, we recommend that you visit a Board office to make your payment.

After you have paid the use tax, the Board will give you a use tax clearance to submit to DMV when you register your vehicle or vessel. DMV will not collect use tax since the clearance will indicate that you have already paid your use tax liability.

Whether you write or visit, you need to provide to the Board a completed form BOE-106, *Vehicle/Vessel Use Tax Clearance Request* (see page 17). If you are registering more than one vehicle or vessel, you can attach a list to the form.

Include **copies** of the following documentation:

- The certificate of title or current registration if title not available.
- Your property tax statement or assessment showing the physical address and parcel number.

If you choose to pay the tax at DMV and then request a refund

You may apply for a refund from the Board of Equalization by writing a letter or submitting a claim for refund form:

- If you submit a letter to the Board of Equalization, indicate the amount of tax you paid and explain why you are entitled to a refund of the district tax.

Include **copies** of the following documentation:

- The certificate of title or current registration if title not available.
- Your property tax statement or assessment showing the physical address and parcel number.

Send your letter and supporting documentation to the Consumer Use Tax Section (see inside back cover).

- If you submit form BOE-101, *Claim for Refund or Credit*, to the Board of Equalization, indicate the amount of tax you paid and explain why you are entitled to a tax refund. Include copies of the documentation requested above. Send your form and supporting documentation to the Consumer Use Tax Section (see inside back cover).

There are time limitations for filing a claim for refund. In general a claim for refund of use tax on a vehicle or vessel you have registered at DMV must be filed within three years from the due date of registration with DMV, or six months from the date of overpayment—whichever period expires last. See Board publication 17, *Appeals*, for more information. You can download a copy from www.boe.ca.gov, or you can call 800-400-7115 for a copy.

Form 101 can be downloaded

You can download form 101, *Claim for Refund or Credit*, from our website, <http://www.boe.ca.gov/sutax/staxformsn.htm>.

Please note: The website version of form 101 advises you to send your claim to the Refund Section of the Board of Equalization. For purposes of refunds for overpaid use tax on vehicles and vessels, please send your form to the Consumer Use Tax Section instead. See the inside back cover for the address.

VEHICLE/VESSEL USE TAX CLEARANCE REQUEST

NAME OF CLAIMANT	TELEPHONE NO. ()
------------------	-------------------------

ADDRESS (street, city, state, zip code)

NAME OF SELLER OR TRANSFEROR	TELEPHONE NO. ()
------------------------------	-------------------------

ADDRESS (street, city, state, zip code)

MAKE OF: <input type="checkbox"/> Vehicle <input type="checkbox"/> Vessel	YEAR
--	------

DATE YOU APPLIED FOR CALIFORNIA REGISTRATION	LICENSE NO.(s)/CF NO.(s)/DECAL NO.(s)	VIN/HIN NO.(s)/SERIAL NO.(s)	PURCHASE OR TRANSFER DATE
--	---------------------------------------	------------------------------	---------------------------

LOCATION OF PURCHASE/TRANSFER	DATE VEHICLE/VESSEL ENTERED CALIFORNIA	DATE YOU BECAME RESIDENT OF CALIFORNIA	DATE EMPLOYED IN CALIFORNIA
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WAS VEHICLE/VESSEL PREVIOUSLY REGISTERED TO YOU OUTSIDE THE STATE OF CALIFORNIA? IF YES, WHERE?

FOR MOBILEHOMES ONLY:	MODEL	YEAR	MOBILEHOME MANUFACTURER	PURCHASE PRICE	SIZE
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I HEREBY REQUEST A CERTIFICATE OF USE TAX CLEARANCE TO ALLOW COMPLETION OF REGISTRATION AT DMV/HCD WITHOUT PAYMENT OF THE CALIFORNIA USE TAX FOR THE FOLLOWING REASON:

(See inside back cover for Board district office addresses and telephone numbers.)

I hereby certify that the above statements, to the best of my knowledge and belief, are true and correct.

SIGNATURE OF CLAIMANT	DATE
-----------------------	------

Please refer to BOE Publication 52 available at www.boe.ca.gov for information on the required documentation to submit with this request. Take or mail this form to a local Board office (refer to the government pages of your telephone directory or call the Board's Information Center at 800-400-7115 for the address of the office nearest you). Be sure to include any required documentation.

FOR BOARD OF EQUALIZATION USE ONLY

BRIEF STATEMENT OF FACTS

Horizontal lines for writing the brief statement of facts.

EVIDENCE PRESENTED (attach copies)

Horizontal lines for listing evidence presented.

CONCLUSION

Taxable

- Return and payment received. Include BOE-111 press number on return.
- Tax to be paid at DMV/HCD.
- Requesting payment plan. Copy of packet to Consumer Use Tax Section.

Exempt (Based on review of supporting documentation)

Clearance Issued (For registration only)

**If the test period has already expired, a decision of taxable, exempt or denied/withdrawn must be made.*

Required For Test Period Not Yet Expired:


- Copy of purchase agreement
- Out of state delivery statement
- BOE-111-AT letter provided to taxpayer
- Complete copy of BOE-106 packet to HQ – CUTS
- Additional supporting documentation (optional)

Denied/Withdrawn (Additional documentation required, all documents returned to taxpayer.)

PREPARED BY	DISTRICT/UNIT	DATE
APPROVED BY		DATE

CERTIFICATE OF USE TAX CLEARANCE ISSUED:

- Form BOE-111, Vehicle/Mobilehome/Commercial Coach
- Form BOE-111-B, Vessel

PRESS NO.	SIGNED BY
	

State Board of Equalization

Information Center

For general questions, call 800-400-7115.

Website

www.boe.ca.gov

District Office Addresses

Bakersfield	1800 30th Street, Suite 380, PO Box 1728, 93302-1728	661	395-2880
Culver City	5901 Green Valley Circle, PO Box 3652, 90231-3652	310	342-1000
El Centro	1550 W. Main Street, 92243-2832	760	352-3431
	Note: Closed 12 noon to 1pm M-F		
Fresno	5070 N. Sixth Street, Suite 110, 93710-7504	559	248-4219
Kearny Mesa	9225 Clairemont Mesa Boulevard, San Diego, CA 92123	858	636-3191
Laguna Hills	23141 Moulton Parkway, Suite 100, PO Box 30890, 92654-0890	949	461-5711
Long Beach	100 West Broadway, Suite 305, 90802-4431	562	901-2483
Norwalk	12440 E. Imperial Highway, Suite 200, PO Box 409, 90651-0409	562	466-1694
Oakland	1515 Clay Street, Suite 303, 94612-1432	510	622-4100
Rancho Mirage	42-700 Bob Hope Drive, Suite 301, 92270-7167	760	346-8096
Redding	2881 Churn Creek Road, Suite B, PO Box 492529, 96049-2529	530	224-4729
Riverside	3737 Main Street, Suite 1000, 92501-3395	951	680-6400
Sacramento	3321 Power Inn Road, Suite 210, 95826-3889	916	227-6700
Salinas	111 East Navajo Drive, Suite 100, 93906-2452	831	443-3003
San Diego	1350 Front Street, Rm 5047, 92101-3698	619	525-4526
San Francisco	121 Spear Street, Suite 460, 94105	415	356-6600
San Jose	250 South Second Street, 95113-2706	408	277-1231
San Marcos	334 Via Vera Cruz, Suite 107, 92078-2637	760	510-5850
Santa Ana	28 Civic Center Plaza, Rm 239, PO Box 22029, 92702-2029	714	558-4059
Santa Rosa	50 D Street, Rm 230, PO Box 730, 95402-0730	707	576-2100
Suisun City	333 Sunset Avenue, Suite 330, 94585-2003	707	428-2041
Van Nuys	15350 Sherman Way, Suite 250, 91406 (PO Box 7735, Van Nuys, 91409-7735)	818	904-2300
Ventura	4820 McGrath Street, Suite 260, 93003-7778	805	677-2700
West Covina	1521 West Cameron Ave., Suite 300, 91790-2738 (PO Box 1500, W. Covina, 91793-1500)	626	480-7200

Consumer Use Tax Section

Board of Equalization
Consumer Use Tax Section, MIC:37
P.O. Box 942879
Sacramento, CA 94279-0037
(916) 445-9524 • FAX: (916) 324-2491

Written Advice

For your protection, it is best to get tax advice in writing. You may be relieved of tax, penalty, or interest charges that are due on a transaction if we determine that we gave you incorrect written advice regarding the transaction and that you reasonably relied on that advice in failing to pay the proper amount of tax. For this relief to apply, a request for advice must be in writing, identify the taxpayer to whom the advice applies, and fully describe the facts and circumstances of the transaction. Please send your request to a Board district office. Tax relief is not available if you incorrectly apply tax based on advice we give you in person or over the telephone.

For additional copies of this publication, call 800-400-7115, or download a copy from www.boe.ca.gov

To contact your Board Member, see www.boe.ca.gov/members/board.htm.

California State Board of Equalization
450 N Street • Sacramento, California
(Mailing address: P.O. Box 942879 • Sacramento CA 94279-0001)