

Sales/Use/Indirect:

California Department of Tax and Fee Administration Explains When Retailer is Engaged in Business within Locality

Publication 44: District Taxes (Sales and Use Taxes), Cal. Dept. of Tax & Fee Admin. (2/25). An updated California Department of Tax and Fee Administration (CDTFA) publication provides an overview of California district taxes and addresses application of such taxes to place of sale, sales across district lines, construction contractors, and leases. In it, the CDTFA reminds that a retailer generally is considered engaged in business in a California district if, among other listed activities, it has total combined sales of tangible personal property in California or for delivery in California exceeding \$500,000 in the preceding or current calendar year. According to the publication, “any retailer required to be registered with us, whether located inside or outside of California, who meets the \$500,000 threshold is engaged in business in every district in California whether or not they have a physical presence in those districts.” In this respect, the publication explains that such retailers must collect the district use tax on taxable sales made for delivery in districts that impose a district tax. The publication also notes that retailers who do not meet the \$500,000 threshold “are still engaged in business in any district where they have a physical presence.” Please contact us with any questions.

URL: <https://www.cdtfa.ca.gov/formspubs/pub44.pdf>

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