



STATE BOARD OF EQUALIZATION
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November 1, 2011

Important Notice Sales Tax Obligation

Dear Firearms Dealer:

As part of the Board of Equalization's sales and use tax education outreach efforts, we are contacting firearm dealers. This is to raise the awareness of the obligation to report and pay California sales tax on the transfer and registration of firearms to a California purchaser on behalf of sellers located outside of California.

If you register and deliver a firearm to a California purchaser for an out-of-state seller, you are considered the retailer of the firearm and you are responsible for reporting and paying the sales tax on the total sales price of the firearm excluding the Dealer's Record of Sale (DROS) fee. You should obtain a copy of the sales invoice from the seller or purchaser to determine the proper amount of sales tax due.

For Example: An out-of-state firearm dealer sells a firearm to a purchaser in California for \$1,000 plus a \$20 shipping fee for delivery of the firearm to your shop. You prepare the necessary paperwork to register the firearm. You charge the purchaser a \$19 DROS fee and a \$20 handling fee for a total of \$39. Because you are considered the retailer of the firearm, you are responsible for reporting and paying sales tax on \$1,040, which includes the \$1,000 selling price of the firearm, \$20 shipping charge, and \$20 handling fee. The \$19 DROS fee is not subject to sales tax.

If the out-of-state retailer is engaged in business in California such as having a physical presence or a sales representative in this state, you are not considered the retailer, and therefore are not responsible for reporting and paying the sales tax. However, you will need to maintain satisfactory evidence, such as a valid resale certificate, that the out-of-state retailer has a permit to collect and remit the California sales tax.

If you have any questions regarding sales and use taxes, please visit our website at www.boe.ca.gov or call our Taxpayer Information Section at 800-400-7115 (TTY:711). Customer service representatives are available weekdays from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.

Sales and Use Tax Department

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