



STATE OF CALIFORNIA

CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

IN-STATE SERVICE GROUP MIC: [XX]

[OFFICE ADDRESS]

[CITY, STATE, ZIP CODE]

1-[XXX-XXX-XXXX] • FAX: 1-[XXX-XXX-XXXX]

[www.cdtfa.ca.gov](http://www.cdtfa.ca.gov)

EDMUND G. BROWN JR.  
Governor

MARYBEL BATJER  
Secretary, Government Operations Agency

NICOLAS MADUROS  
Director

[Addressee's Name]  
[Business Name/DBA]  
ATTN: TAX/ACCOUNTING DEPT.  
[Address]  
[City, State ZIP Code]

Letter Date: [Letter Date]  
Reference No.: [Ref. No.]

Our records indicate that you operate a service-based business located within California which may have purchased property from out-of-state suppliers. Service businesses generally are not required to register with the California Department of Tax and Fee Administration (CDTFA) for a sales or use tax account; however, if your business owes use tax, you may be required to register.

In an effort to help businesses comply with California's use tax law, the CDTFA is requesting that you review your records for any unpaid use tax, complete the steps below, and respond to this letter by providing the documents listed below by [Due Date].

#### What is use tax?

Use tax is similar to sales tax, and generally applies to purchases of items to be used and/or consumed in California purchased from out-of-state. Generally, items intended for resale when purchased at a retail location in California are subject to use tax if purchased tax-free from a non-resident retailer. The purchaser is responsible for paying the use tax.

You can find more information about use tax on our website at [www.cdtfa.ca.gov](http://www.cdtfa.ca.gov). You can also call the CDTFA Customer Service Center at 1-800-520-7115. Publication 110, *California Use Tax Basics*, and publication 217, *Use Tax Guide to Reporting Out-of-State Purchases*, provide more information and can be found on our website, or by calling the Customer Service Center.

#### How do I comply with California's use tax law?

**Step 1:** Review your purchase records for the years [20XX], [20XX], and [20XX] and determine which purchases are subject to use tax.

**Step 2:** Complete the enclosed *California Use Tax Worksheet* and **SEND** the following **documents**, specific to your California operations, regardless of whether or not you have determined you owe any use tax:

- The completed **California Use Tax Worksheet**
- A copy of the **Purchase Journal/General Ledger** for the past year  
(If you do not have a Purchase Journal or General Ledger, please contact the representative listed below).
- A current **Asset Depreciation Schedule/Asset Listing**
- California Income Tax Schedule R, Apportionment and Allocation of Income** (only provide if your business operates both inside and outside of California).

#### What will happen next?

We may contact you by phone to verify receipt of this letter or if we need additional information. We are here to assist you with questions that you may have about use tax or the requirements of this letter. If we do not receive a complete response including the documents as shown above, California law authorizes the CDTFA to conduct an audit. If you have any questions or need help completing the *California Use Tax Worksheet* or using CDTFA's online services, please call me at the number listed above.

[Employee Name]  
[Employee Title]

Enclosure: *California Use Tax Worksheet* with instructions (CDTFA-403-CLW)