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## **What do you owe? That may be tricky**

by Mark Schwanhausser

Contrary to the brief instructions in California's Form 540 income-tax booklet, sorting out how much use tax you owe could be quite challenging. For starters, many Californians threw out the receipts they'll need to calculate how much use tax, if any, they owe.

In general, you must pay use tax on items you bought without paying the usual sales tax -- whether you shopped online, through a catalog or out of state.

If you have the records, your job will be easier on purchases from the five states where no sales tax is charged. Santa Clara County residents will simply apply the local 8.25 percent tax to those purchases. If you purchased goods from a state with a lower rate, you'll owe just the difference.

Sorry, but you don't get credit if you shopped in a higher-tax state such as New York, where the sales tax runs 8.625 percent.

Without receipts, however, you must ferret out which vendors charged you sales tax, and how much. Don't look to the Board of Equalization for help here, because it won't volunteer the names of out-of-state retailers that don't collect sales taxes. When pressed, the agency did confirm that Amazon.com doesn't collect sales tax, so start your hunt for use taxes there.

But things could get really messy when it comes to deciding whether the item is taxable in the first place. If doing your income taxes gives you a headache, gulp down an Advil before your head to the Board of Equalization's Web site ([www.boe.ca.gov](http://www.boe.ca.gov)).

Among the kinks in the code:

- Did you order a gift for Mom in 2003? If she lives in California, you owe if you sent her a cookbook, but you probably don't if you ordered a basket of summer sausages and crackers. It depends on the value of the basket.
- Did you buy Junior a computer game? It's taxable if the vendor mailed a disk, but it's exempt if you downloaded the game over the Internet.
- Or, say you're diabetic and ordered insulin syringes and diabetic testing supplies. Your syringes are exempt, but your testing supplies aren't.

Says Diana DiBello, tax director for Vertex, a consulting firm based in Berwyn, Pa.: "If you're going to be liable for the use tax and it's going to be enforced, then the consumer has to know what's taxable and not taxable in the state."