

## California Use Tax

If someone in California buys merchandise, they must pay sales tax unless that item is specifically exempt (for example, food). If a California resident purchases a taxable item for use in California **from an out-of-state vendor**, and that vendor **does not charge California sales tax**, then the individual who purchased the item is still required to pay the California sales tax amount, but in a different way.

That different way of paying California sales tax on out-of-state purchases is called **“use tax”**. Use tax that is owed for purchases during a calendar year is normally paid on line 91 of an individual’s California income tax return. [Note 1]

Examples where use tax will be owed:

- An item is ordered on the Internet, or by mail (catalog sales), or by phone (800 call center), and the amount paid does not include any sales tax.
- An individual goes to another state, purchases an item (for example, a piece of clothing), and brings the item back to California, where it will be used. [Note 2]

The tax rate for calculating use tax is the sales tax rate where the individual lives in California. So, for a \$200 item and with a local sales tax rate of 8.5%, the use tax owed would be \$17 if no sales tax at all was collected by the out-of-state vendor.

If a taxpayer has not kept track of purchases for which use tax is owed, they have the option of using this table:

Adjusted gross income (AGI)	Use tax to be paid	Adjusted gross income (AGI)	Use tax to be paid
Less than \$10,000	\$2	\$80,000 to \$89,999	\$35
\$10,000 to \$19,999	\$6	\$90,000 to \$99,999	\$39
\$20,000 to \$29,999	\$10	\$100,000 to \$124,999	\$46
\$30,000 to \$39,999	\$14	\$125,000 to \$149,999	\$57
\$40,000 to \$49,999	\$19	\$150,000 to \$174,999	\$67
\$50,000 to \$59,999	\$23	\$175,000 to \$199,999	\$77
\$60,000 to \$69,999	\$27	More than \$199,999	Multiply by 0.041% (0.00041)
\$70,000 to \$79,999	\$31		

[Note 1] Use tax for vehicles and/or mobile homes purchased outside of California should be paid directly to the California Department of Tax and Fee Administration

[Note 2] If sales tax was paid in the state in which the item was purchased, subtract the amount of sales tax paid from the amount of use tax that is owed. For example, Oregon doesn’t have any sales tax, so the full amount of use tax would be owed. By contrast, Nevada and Arizona have about the same sales tax rates as California, so little or no California use tax would be owed if a California resident made purchases while visiting one of those two states.