

California Coin and Bullion Merchants Association
ASB 147 Conference Call
November 20, 2019

Suggested eight questions on the following general topics followed by a moderated Q & A from callers:

1. The role of Marketplace facilitators (MF) vis a vis collection of sales taxes and reporting to our members - frequency and due date.

Response: Beginning October 1, 2019, a Marketplace Facilitator (MPF) who is engaged in business in this state under Revenue and Taxation Code section 6203 is responsible for collecting and paying tax on retail sales made through their marketplace for delivery to California (CA) customers.

Physical Presence: maintaining inventory or place of business, having representatives in CA, owning or leasing any real or tangible personal property, such as machinery, equipment or computer server in CA.

Economic Nexus: total combines sales of tangible personal property for delivery in CA by the retailer and all persons related to the retailer exceed \$500,000 in the preceding or current calendar year.

Notification of marketplace sellers: marketplace facilitators should notify all their marketplace sellers that they are registered with the CDTFA and will be collecting and paying the tax due on their sales to California customers facilitated through their marketplace beginning October 1, 2019.

Filing Frequency: the CDTFA assigns a filing frequency based on reported sales or anticipated taxable sales at the time of registration.

*** A person is related to a retailer if they have a relationship pursuant to IRS Code §267 "Relationships."*

2. What do our members do with the MF report- if they receive one?

Response: maintain the information in their records. Also, please see response to number 3 below.

3. What taxes do our members collect on their own behalf - brick and mortar store sales; sales over the member's own website?

Response: If the member is also engaged in business, in addition to their marketplace sales reported by MPF, the member should report their total sales on their sales and use tax return, including those sales made through a marketplace facilitator. They may claim a deduction as "other" on their return for sales made through a marketplace in which the MPF is responsible for collection and payment of the tax.

4. When does the \$500K limit kick in and based on combined sales through MF and their own store and/or website?

Response: If they do not have physical presence in California, the Economic Nexus threshold will apply:

- *The total combined sales exceed \$500,000 in the preceding or current calendar year.*
 - *Total combined sales include sales made on their own behalf, those of related persons, as well as sales facilitated through a marketplace facilitator's marketplace.*

5. How does a CCBMA member fill out the monthly or quarterly BoE retail tax forms?

Response: It depends, based on each individual business model. Generally, returns are available through the CDTFA Online Services system, which can be accessed by using a Username and Password.

Members that are on Quarterly Prepay reporting basis should also use the Online Services system to make their required prepayments.

For assistance, you may call our Customer Service Center at 1-800-400-7115. Customer service representatives are available Monday through Friday from 8:00 a.m. to 5:00 p.m. (Pacific time).

6. Since there are many different California Sales Tax rates, how does a CCBMA Dealer know what is charged/paid to the MF?

Response: The MPF is responsible for establishing and collecting the correct tax rate on their marketplace.

The CDTFA will not hold a marketplace seller liable for tax on a transaction facilitated through a marketplace if the CDTFA can verify that the marketplace facilitator in fact collected the correct amount of tax or tax reimbursement from the purchaser on that transaction and paid it to the CDTFA.

Current sales and use tax rates may be obtained on the CDTFA website (cdtfa.ca.gov) under [Tax and Fee Rates](#).

7. We understand that Marketplace facilitators such as eBay and Amazon are supposed to collect sales taxes and remit them to the CDTFA. If we only receive a report of sales, what do sellers do when our customer calls us to complain about a miscalculated sales tax or collection of a sales tax contrary to the statutory exclusions? Which entity, the seller or the MF is responsible for correcting errors?

Response: The MPF is responsible for establishing and collecting the correct tax rate on their marketplace.

Marketplace sellers should obtain an agreement with, or other written document from, the marketplace facilitator that indicates the marketplace facilitator is registered with the CDTFA as a retailer and is responsible for the collection and payment of tax on the marketplace seller's sales through its marketplace. Alternatively, a marketplace seller may obtain the seller's permit number or account number of the marketplace facilitator. The seller's permit or account number may be verified on our [Verify a Permit, License, or Account](#) webpage.

8. Sellers have had a difficult time learning how the large facilitators are going to comply with AB 147. What have the large facilitators told the CDTFA they are doing to comply with what is required? Are they coordinating their efforts with the CDTFA?

Response: Due to taxpayer confidentiality, we are unable to provide information regarding third party processes.

We are identifying MPF's and are conducting outreach to educate and assist them through this process.

The answer given is intended to provide general information regarding the application of tax and will not serve as a basis for relief of liability under Revenue and Taxation Code section 6596.

Additional Resources:

[*Tax Guide for Marketplace Facilitator Act*](#)

[*Special Notice: New Requirements for Marketplace Facilitators Beginning October 1, 2019*](#)

[*Special Notice: Marketplace Sellers May Be Affected by New Marketplace Facilitator Act Beginning October 1, 2019*](#)

[*Proposed Regulation 1684.5, Marketplace Sales*](#)

[*Use Tax Collection Requirements Based on Sales into California Due to the Wayfair Decision*](#)

[*Get it in Writing*](#)