



California sales tax guide

Standard rate

The standard rate in California for sales tax for 2024 is 7.25-10.25%.

Reduced rate

The reduced rate in California for sales tax for 2024 is 5%.

Sales of tax-free products and services

The following products and services are tax-free in California:

Food:

Health Related:

Housing (Gas, electricity, water, steam, telephone lines, and poles).

Who must register sales tax in California

If you are selling in California, and have an economic nexus to California, your buyers are required to pay sales tax and if you meet the \$500,000 threshold in the preceding or current calendar year, you must [register to collect and pay sales tax in California](#).

Threshold

Starting October 1, 2019, out-of-state dealers with economic presence or nexus in California must [register to collect sales tax](#). This includes online retailers or remote sellers that meet the \$500,000 threshold in the preceding or current calendar year, including all sales facilitated through a marketplace facilitator's marketplace as defined above.

[Merchant thresholds by state](#)

[Marketplace thresholds by state](#)

The special rules are applicable to the SAAS business.

[Software as Service Tax Thresholds by state.](#)

Online Marketplaces

A marketplace facilitator is considered the seller and retailer for each sale facilitated through its website.

In accordance with the law, a person, including a marketplace facilitator, is required to register with the California Tax Department and get a Certificate of Registration if they:

Sell tangible personal property in the state;

Have a physical presence in this state (business location, representative, etc);

Have an economic nexus.

Economic nexus means that the amount of all sales of tangible personal property for delivery in California by the marketplace facilitator, and all persons related to the retailer exceed \$500k in the preceding or current calendar year. An economic nexus with California include all sales of tangible merchandise for delivery in California, including sales of tangible merchandise you facilitate through your marketplace for marketplace sellers.

The Marketplace facilitator must notify the sellers of its marketplace that it is registered with the California Tax Department and will collect and pay the tax due from its sales to California customers.

Sales tax payment and filing date

Based on your tax liability, determine your filing frequency – either, quarterly, quarterly prepaid, or annual (Fiscal annual):

Annual or Fiscal Annual – \$0 to \$100;
Quarterly – \$101.00 to \$1200.00;
Quarterly Prepaid – \$1,200.01 and up.

Returns are due on the last day of the month following the reporting period. If the filing due date falls on a weekend or holiday, sales tax is due the next day.

Some high-volume dealers file on a quarterly basis but make monthly sales tax prepayments. If this applies to you, you will have monthly prepayments due the 24th of the month following every month in which you do not have a sales tax filing and payment due.

Penalty and interest

Late Filing Penalty – 10% of sales tax incurred;
Late Payment Penalty – 10% of sales tax incurred.



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