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AB-1593 Personal income tax. (2017-2018)

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Assembly Bill No. 1593

CHAPTER 563

An act to amend Section 18510 of the Revenue and Taxation Code, relating to taxation.

[Approved by Governor October 07, 2017. Filed with Secretary of State October 07, 2017.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1593, Ridley-Thomas. Personal income tax.

The Sales and Use Tax Law generally provides, for a transaction not subject to sales tax, that every person storing, using, or otherwise consuming in this state tangible personal property purchased from a retailer for storage, use, or other consumption in this state is liable for use tax, and must pay the use tax to the State Board of Equalization, unless that person has paid the use tax to a retailer registered to collect the tax. Existing law authorizes a person to make an irrevocable election to report qualified use tax, as defined, on that person's income tax return.

Existing law, commencing July 1, 2017, provides that the California Department of Tax and Fee Administration is responsible for the administration of the Sales and Use Tax Law, which was previously administered by the State Board of Equalization.

This bill would require the Franchise Tax Board to revise the income tax returns to require a taxpayer to enter a number on the use tax line of the personal income tax return and to indicate in a prescribed manner either that the taxpayer owes no use tax or that the taxpayer has remitted his or her use tax obligation for the taxable year directly to the department.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 18510 of the Revenue and Taxation Code is amended to read:

18510. (a) (1) (A) The Franchise Tax Board shall revise the returns required to be filed pursuant to this article, Article 2 (commencing with Section 18601), Section 18633, Section 18633.5, and Article 3 (commencing with Section 23771) of Chapter 4 of Part 11, and the accompanying instructions for filing those returns, in a form and manner approved by the State Board of Equalization, to allow a person to report and pay qualified use tax in accordance with Section 6452.1 and subparagraph (B).

(B) The returns and instructions shall require the following:

(i) That a taxpayer enter a number on the use tax line of the personal income tax return.

(ii) That a taxpayer who enters the number zero on the use tax line of the personal income tax return check one of two boxes, the first of which shall indicate that the taxpayer owes no use tax, and the second of which shall indicate that the taxpayer has remitted his or her use tax obligation for the taxable year directly to the State Board of Equalization.

(2) Within 10 working days of receiving from the Franchise Tax Board the returns and instructions described in subparagraph (A) of paragraph (1), the State Board of Equalization shall do either of the following:

(A) Approve the form and manner of the returns and instructions and notify the Franchise Tax Board of this approval.

(B) Submit comments to the Franchise Tax Board regarding changes to the returns and instructions that shall be incorporated before the State Board of Equalization approves the form and manner of the returns and instructions.

(b) (1) Of payments and credits shown on the return, together with any other credits associated with that person's tax year, of a person that reports qualified use tax on an acceptable tax return, an amount equal to the qualified use tax liability reported on that acceptable tax return in accordance with Section 6452.1 shall be applied to that liability.

(2) This subdivision shall apply to returns filed for taxable years beginning on or after January 1, 2015.

(c) The Franchise Tax Board shall transfer the qualified use tax received pursuant to Section 6452.1, and any information the State Board of Equalization deems necessary for its administration of the use tax, to the State Board of Equalization within 60 days from the date the use tax is received or the acceptable tax return is processed, whichever is later.

(d) Except as otherwise provided, this section shall be operative for returns filed for taxable years beginning on and after January 1, 2010.

(e) The amendments made by Chapter 14 of the Statutes of 2011 shall apply to returns filed for taxable years beginning on and after January 1, 2011.

(f) The amendments to this section made by the act adding this subdivision shall apply to returns filed for taxable years beginning on and after January 1, 2017.