

ASSEMBLY BILL

No. 1672

Introduced by Assembly Member Scott

January 14, 1998

An act to amend Section 6471 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1672, as introduced, Scott. Sales and use taxes: prepayments.

The Sales and Use Tax Law imposes a tax on the gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property. That law provides that, under specified circumstances, the State Board of Equalization may require any person whose sales and use tax liability exceeds a specified amount to prepay that tax liability.

This bill would provide that the prepayment provisions shall not apply to any person who makes all deliveries of taxable tangible personal property at a place other than his or her place of business. The bill would instead require those persons to make payments, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 6471 of the Revenue and
 2 Taxation Code, as added by Chapter 106 of the Statutes
 3 of 1985, is amended to read:

4 6471. (a) Upon written notification by the board, any
 5 person whose estimated measure of tax liability under this
 6 part averages ~~fifty~~ *seventeen* thousand dollars ~~—(\$50,000)~~
 7 *(\$17,000)* or more per month, as determined by the
 8 board, shall, without regard to the measure of tax in any
 9 one month make prepayments as prescribed in this
 10 section.

11 (1) In the first, third, and fourth calendar quarters, the
 12 person shall prepay not less than 90 percent of the amount
 13 of state and local tax liability for each of the first two
 14 monthly periods of each quarterly period.

15 (2) In the second calendar quarter, the person shall
 16 prepay a first prepayment of 95 percent of the amount of
 17 state and local tax liability for the first monthly period of
 18 each quarterly period and a second prepayment of either
 19 of the following:

20 (A) Ninety-five percent of the amount of state and
 21 local tax liability for the second monthly period of the
 22 quarterly period, plus 95 percent of the amount of state
 23 and local tax liability for the first 15 days of the third
 24 monthly period of the quarterly period.

25 (B) Ninety-five percent of the amount of state and
 26 local tax liability for the second monthly period of the
 27 quarterly period, plus 50 percent of 95 percent of the
 28 amount of the liability for the second monthly period of
 29 the quarterly period.

30 (b) Persons engaged in their present business during
 31 all of the corresponding quarterly period of the preceding
 32 year, or persons who are successors to a business ~~which~~
 33 *that* was in operation during all of that quarterly period,
 34 may satisfy the above monthly prepayment requirements
 35 for the first, third, and fourth calendar quarters by
 36 payment of an amount equal to one-third of the measure
 37 of tax liability reported on the return or returns filed for
 38 that quarterly period of the preceding year multiplied by



1 the state and local tax rate in effect during the month for
2 which the prepayment is made.

3 ~~The~~

4 *These* persons may satisfy their prepayment
5 requirements for the second calendar quarter by making
6 a first prepayment of an amount equal to one-third of the
7 measure of tax liability reported, and a second
8 prepayment of an amount equal to one-half of the
9 measure of tax liability reported, on the return or returns
10 filed for that quarterly period of the preceding year
11 multiplied by the state and local tax rate in effect during
12 the month for which the prepayment is made.

13 Prepayments shall be made during the quarterly
14 periods designated by the board and during each
15 succeeding quarterly periods until further notified in
16 writing by the board.

17 *(c) Subdivisions (a) and (b) shall not apply to any*
18 *person who makes all deliveries of taxable tangible*
19 *personal property at a place other than his or her place*
20 *of business. Except as required by Article 1 (commencing*
21 *with Section 6451), any person described in the foregoing*
22 *sentence shall remit 100 percent of his or her state and*
23 *local tax liability within 60 days following the end of each*
24 *monthly period.*

