

## **CERTIFIED BUSINESS BUILDING ONLINE COURSE - SESSION 15:**

### **• Application for a Seller's Permit**

This form is used to register your business by mail with the sales tax authority (State Board of Equalization). You will receive a seller's permit, which allows you to sell goods and requires you to collect sales tax if you sell to the final user.\* The permit has a resale number which can be used to waive sales tax on items used in your product.

**\*Note:** Technically (and legally) the seller is responsible for paying sales tax, but may be "reimbursed" by your customers (the purchaser). In practice, almost all sales tax is reimbursed; therefore most people think that it is the purchaser's obligation. We will continue this "myth" in our instructions, because it is easier to understand. However, when you talk to the Board of Equalization or read their pamphlets, they will state that you are responsible for paying the tax...collecting it from your customers (i.e. getting reimbursed) is your option.

### **Who uses this form?**

Any business who sells tangible products. Complete the form even if you will not be collecting sales tax (i.e. you just sell wholesale). Businesses which exclusively sell services should not fill out the form.

### **Who collects sales tax?**

Only businesses that sell to the end user. Businesses selling wholesale will have their customers sign sales tax exemption certificates in lieu of paying sales tax. Note: Wholesale businesses really benefit from filing BT-400, since it costs them nothing, but exempts them from paying sales tax on items used in their product.

### **When to file**

No earlier than 30 days prior to selling.

### **Approximate cost**

\$0 if you only sell wholesale (i.e. your purchaser will sell the item to the end user). If you sell retail, generally no deposit is required. The major exceptions are if you have previously had a permit and had multiple late payments, bounced checks, your permit was revoked, or had other unsatisfactory circumstances.

### **What to do**

Contact your local county or state department so they can mail you a form to fill out.

You must have a photocopy of your driver's license AND your social security card. If you do not have a social security card, you must have a photocopy of other ID which includes your social security number. This can include: paycheck stub, pre-printed income tax label, W-2 form, etc. Partnerships: You must also include your partnership agreement.

### **To submit form**

Mail your application to the nearest Board of Equalization office (addresses are included just before the BT-400 form). They will issue you a seller's permit in several weeks. Ask for pamphlets: When you send in your application, ask for any pamphlets that apply to your business.

### **More than 1 location?**

You do not need another permit. The prefix of your seller's permit will be changed, and the Board of Equalization may request a larger deposit.

### **Your responsibility**

Remember, you have these responsibilities:

- You must keep records for four years of: sales, purchases made for your business, and deductions you declare on your sales tax returns.
- You must file sales tax returns even if you didn't sell anything during the prior period.
- You are responsible for sales tax, even if your purchaser didn't pay you.
- You must contact the Board of Equalization if you move, change ownership, discontinue or sell your business.

### **Questions?**

Call 800-400-7115 or your local Board of Equalization office.

## **CERTIFIED BUSINESS BUILDING COURSE - SESSION 15 QUESTION & ANSWERS**

NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

PHONE: \_\_\_\_\_

FAX: \_\_\_\_\_

E-MAIL: \_\_\_\_\_

Please be sure to fill out the information above, complete the test and e-mail or fax it back to us at [iridology@netzero.net](mailto:iridology@netzero.net) or 530-878-1119. We will grade your question & answer session and will let you know if we have any questions or concerns.

1. Did you apply for a seller's permit?
2. What is your business license number?
3. What is your seller's permit number?