



Special Notice

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SACRAMENTO, CA 95814

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www.boe.ca.gov

CUSTOMER SERVICE CENTER
1-800-400-7115
TTY
711

Used Car Dealer Records and Reporting Requirements

As a used car dealer selling, leasing, or using personal property in California, you are required to keep adequate records. In general, you must keep all required records to support your vehicle sales and the amount of tax due for at least four years.

Examples of records you need to keep include:

- The normal books of account.
- All bills, receipts, invoices, repair orders, contracts, or other documents of original entry supporting the entries in the books of account.
- All schedules or working papers used in connection with the preparation of tax and fee returns.
- All Department of Motor Vehicles (DMV) *Report of Sale – Used Vehicle* (REG 51) forms issued to you, including any that were voided. These should be kept in numerical order.

How should I track my sales?

Used car dealers generally use car envelopes (also known as dealer jackets) and inventory books to track sales. You should assign both a car envelope and an inventory number to each vehicle. We recommend keeping all documents of purchase, reconditioning, and sale in those envelopes and noted on the face of the envelope. You should also record the details of each purchase and sale in your inventory book.

What are my reporting requirements?

All the sales you reported to the DMV must also be properly reported to the Board of Equalization (BOE) on your sales and use tax return. You can file your return by using our online filing services at www.boe.ca.gov/electsro/esrocont.htm.

For additional information

The BOE has a *Tax Guide for Motor Vehicle Dealers* available online. This guide helps you to easily find information on common tax issues facing dealerships like yours and provides links to relevant resources. Topics discussed include:

- How to file your sales and use tax return
- How tax applies to sales and purchases of gasoline
- How tax applies to vehicles sold with special pricing and incentives
- How to keep good records
- How tax applies when a trade-in is accepted on the sale of a vehicle
- How to claim bad debts
- The required documentation to support exemptions
- The California Tire Fee

You can find the *Tax Guide for Motor Vehicle Dealers* in the industry guide section of our website at www.boe.ca.gov/industry/used_vehicle_dealers.html.

If you have any questions, please call our Customer Service Center at 1-800-400-7115 (TTY:711) Monday through Friday from 8:00 a.m. to 5:00 p.m. (Pacific Time), excluding state holidays.