COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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J. TYLER McCAULEY
AUDITOR-CONTROLLER

February 26, 2002

TO: Department Heads

FROM: J. Tyler McCauley
Auditor-Controller

SUBJECT: **COLLECTING AND REPORTING SALES TAX**

Many County departments sell merchandise to employees and the public to raise funds for various programs which benefit the employees, community and nonprofit organizations. The merchandise includes T-shirts, coffee mugs, caps, etc., and generally shows the County Seal or department logo. The merchandise can range in price from a few dollars to over $20 per item.

Generally all sales of merchandise are subject to the California sales tax, including the examples listed above. Departments are responsible for collecting sales tax, depositing the sales tax in the County's designated trust account (TK9), and reporting the actual sales and tax collections to the Auditor-Controller. As of January 1, 2002, California sales tax increased to 8.25% in Los Angeles County.

My Department is responsible for coordinating, reporting, and paying sales tax for the County to the California State Board of Equalization. While many departments already collect and report sales tax to my office, some do not.

I recommend that each department review all sales and ensure compliance with the State Board of Equalization requirements. It should be noted that County departments do not need to obtain a seller's permit from the State. However, departments need to work with my office to set up sales tax reporting procedures.

If there are any questions, your staff can call Inetta Naulls at 213.974.8402 or Cindy Griffith at 213.974.8416.

JTM:MMO

c: Administrative Deputies
Fiscal Officers