

# **Bond Case Briefs**

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## **California Accidentally Posts Draft Tax Collection Rules for Online Retailers -- Legal Challenges Possible if Draft Rules are Adopted.**

### **Background**

The California Department of Tax and Fee Administration (CDTFA) inadvertently posted on its website a [draft notice](#) containing new tax collection rules for retailers, indicating that California may adopt use tax collection thresholds for remote vendors similar to the thresholds adopted under South Dakota's law effective August 1, 2018. In response to the recent U.S. Supreme Court decision in *South Dakota v. Wayfair, Inc.*,<sup>1</sup> the draft notice stated that certain retailers are required to register with the CDTFA and to collect California use tax starting August 1, 2018, if they meet one of the following thresholds during the preceding or current calendar year:

1. The cumulative sales price of the retailer's sales of tangible personal property for delivery in California exceeds \$100,000, or
2. The retailer sold tangible personal property for delivery in California in 200 or more separate transactions.

The draft notice continued to state the following:

[Continue reading.](#)

### **Reed Smith LLP**

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