Impacts on Sales Taxes During COVID-19: A California Department of Tax and Fee Administration Update

June 23, 2020
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Speakers:

Nicolas Maduros
Director, California Department of Tax and Fee Administration

Karen Hughes
Supervising Tax Auditor Local Revenue Branch
Impact of 1Q-20 Return Extensions

- 3% of taxpayers reporting over $1 million in tax due have not yet filed their return
- 42% of taxpayers reporting under $1 million in tax due have not yet filed their return

### 1st Quarter 2020 Return Status as of June 18, 2020

<table>
<thead>
<tr>
<th>Filing Period</th>
<th>Account Type</th>
<th>Category</th>
<th>Status</th>
<th>% of Category</th>
<th>Net Tax Due</th>
<th>Total Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/31/2020</td>
<td>Sales and Use Tax</td>
<td>Over 1M</td>
<td>Received</td>
<td>97%</td>
<td>$7.3B</td>
<td>$7.3B</td>
</tr>
<tr>
<td>3/31/2020</td>
<td>Sales and Use Tax</td>
<td>Over 1M</td>
<td>Outstanding</td>
<td>3%</td>
<td>$28M*</td>
<td>$28M*</td>
</tr>
<tr>
<td>3/31/2020</td>
<td>Sales and Use Tax</td>
<td>Under 1M</td>
<td>Received</td>
<td>58%</td>
<td>$4.8B</td>
<td>$4.8B</td>
</tr>
<tr>
<td>3/31/2020</td>
<td>Sales and Use Tax</td>
<td>Under 1M</td>
<td>Outstanding</td>
<td>42%</td>
<td>$530M*</td>
<td>$530M*</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Total:</td>
<td>$12.1B</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$12.3B</td>
<td></td>
</tr>
</tbody>
</table>

*Represents payments collected to-date from returns still outstanding
1Q-19 and 1Q-20 Industry Comparison

Large Business SUT Due

Year-Over-Year Q1 Percent Change
• June advance payment (disbursed June 25th)
  • 2020 payment is $1.276 billion
  • 2019 payment was $1.469 billion

• July advance payments
  • Advance based on second prepayment for 2Q20 and revenue received from May monthly filers (due June 30).
  • Second prepayment is due June 24th.
  • Advance payments will be calculated July 12th.
  • Advance payments will be made July 24th.
  • Second quarter return due date is July 31, 2020.
  • Second quarter clean up is in August with payment made on August 25th.
Small Business Payment Plan

- Zero interest payment plan for small businesses, those with under $5 million in annual taxable sales.
- Up to $50,000 of sales and use tax liability.
- For 1Q-20 and 2Q-20 liabilities.
- Must be paid in full by July 31, 2021.
- 7,800 inquiries to date.
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All Children Thrive: Impacts of COVID-19 on Children

Tuesday, June 30

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