

Eligibility Requirements (with definition links)

**** In 2022, the California Board of Equalization extended the partial sales tax exemption through June 30, 2030.**

General Comments Deliver To Misc PO Vendor Attachments Approvals Routing Tax Exemption

Eligibility

Cancel Request

Effective July 01, 2014 and continuing through June 30, 2022, the California Board of Equalization is providing a Partial Sales and Use Tax Exemption of 4.1875% under Regulation 1525.4, Manufacturing and Research & Development Equipment. *Riverside County tax is currently 8.0%. This reduction will result in an effective tax rate of 3.8125% for qualified purchases.*

In order to be eligible, all three of the following conditions must be satisfied:

- Must be a purchase of "qualified property."
- Must be engaged in certain types of business, also known as a "qualified person."
- Must use the qualified property in a "qualified activity."

IN ORACLE, IN THE "ELIGIBLE FOR REDUCED TAX" DROP DOWN, SELECT "YES" IF THE REQUIREMENTS BELOW ARE MET.

Edit Requisition: UCRR00020655

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Requisitioning BU UCR BU

* Description test

Eligible for Reduced Tax

* Owning Department No

* End User Yes

BUS-79 Transactor Attestation Search...

Procurement Card

Justification

Requisition Amount 60,000.00 USD

Approval Amount Calculate Amount with Tax

Funds Status Not reserved

Attachments None

Qualified Property

Qualified Property:

"Qualified property" must have a useful life greater than one year and must be primarily used in research and development anywhere in California, including:

- Machinery and equipment, including component parts and contrivances such as belts, shafts, moving parts, and operating structures.
- Equipment or devices used or required to operate, control, regulate, or maintain the machinery, including, but not limited to, computers, data-processing equipment, and computer software, together with all repair and replacement parts with a useful life of one or more years, whether purchased separately or in conjunction with a complete machine and regardless of whether the machine or component parts are assembled by the qualified person or another party.
- Computers used to acquire data and or control research instrumentation are eligible.

"Qualified property" does not include:

- Consumables with a useful life of less than one year.
- Furniture, inventory, and equipment used in the extraction process, or equipment used to store finished products that have completed the manufacturing, processing, refining, fabricating, or recycling process.
- Tangible personal property used primarily in administration, general management, or marketing.
- Computers/PCs used for administrative tasks
- Property that will be used in less than 50% on research and development
- Property that will not be used in California at least 50% of the time.

Leases of qualified property are eligible for the partial sales tax exemption when payments are due and paid in the exemption period of July 1, 2014 through June 30, 2022, regardless of the lease inception date.

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Qualified Person

Qualified Person:

A "qualified person" is a principal investigator/researcher primarily engaged (50 percent or more of the time) or a department with 50% or more of its expenditures related to research and development in biotechnology, physical, engineering, or life science as described in the North American Industry Classification System (NAICS) Codes 541711, or 541712 published by the United States Office of Management and Budget (OMB), 2012 edition.

541711 Research and Development in Biotechnology: This U.S. industry comprises establishments primarily engaged in conducting biotechnology research and experimental development. Biotechnology research and experimental development involves the study of the use of microorganisms and cellular and biomolecular processes to develop or alter living or non-living materials. This research and development in biotechnology may result in development of new biotechnology processes or in prototypes of new or genetically-altered products that may be reproduced, utilized, or implemented by various industries. Includes Biotechnology research and development laboratories or service in botany, agriculture, bacteriology, biology, chemical sciences, entomology, environmental science, food science, genetics, health sciences, industrial research, medical sciences, physical science, veterinary sciences, Cloning, DNA technologies (e.g., microarrays), Nanobiotechnologies, Nucleic acid chemistry, Protein engineering research, Recombinant DNA

541712 Research and Development in the Physical, Engineering, and Life Sciences (except Biotechnology): This U.S. Industry comprises establishments primarily engaged in conducting research and experimental development (except biotechnology research and experimental development) in Agriculture, Bacteriology, Biology, Botany, Chemistry, Computers, Dental, Electronics, Engineering, Entomology, Environmental, Experimental farms, Fisheries, Food Science, Forestry, Genetics, Geology, Guided missile and space vehicle engines, Guided missile and space vehicle parts, Health Science, Industrial, Life sciences, Mathematics, Medical Science, Observatories, Oceanography, Photonics, Physical Science, Physics, Veterinary Science

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Qualified Activities

Qualified Activities:

The qualifying activity must be primarily (more than 50% of the time) engaged research and development. For UCR purposes, the qualifying activity will be defined as:

- 1) A qualifying extramurally sponsored research fund source; or
- 2) A department with 50% or more of total expenditures for the preceding fiscal year that are recorded under research function code 44 (supported via a UCRFSTotals query) for all funding sources.
- 3) Initial complement funding where the appointment letter clearly designates the monies are to be used primarily research activities. Department should be able to document for audit purposes the related expenditures were primarily (50% or more) used for qualified research activities.

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