

CA Partial Sales Tax Rate Exemption for research equipment/parts acquisition

Brief summary by BRDO; last reviewed 2019

!!! For the latest and up-to-date information and rates, please visit

<https://controller.berkeley.edu/news/ca-partial-sales-tax-rate-exemption>

Briefly, this partial tax exemption *reduces* the current level of CA sales tax rate by 3.9375 percent from January 1, 2017, to June 30, 2022. Since the original sales tax rate varies over time (typically between 9% and 10%) and by city, the resulting effective tax rate, will also vary over time and by location, but is typically somewhere around 5.3% for equipment delivered to the city of Berkeley.

Note that in reality the exemption is only applied for at the time of ordering. There is a cap of \$200M/year in exemptions at the UC level, but the campus rarely meets this maximum. For questions, contact the controller's office (<https://controller.berkeley.edu/>). The Sponsored Projects Office cautions PIs to think this through, as funders will **not** *increase* the budget upon award should something go wrong with the exemption. Ultimately, it is up to the PI to either budget the lower amount, or budget the full amount and indicate that s/he will apply for reduced tax rate at purchase.