

California Partial Sales & Use Tax (1525.4) Exemption

About the Exemption

Costs of stand-alone equipment and components of certain fabrications that support:

- “Research and development in biotechnology” and/or
- “Research and development in the physical engineering, and life sciences”

may qualify for a temporary partial exemption from (i.e., reduction in) California sales and use tax under California Regulation 1525.4. The reduction varies by county but generally will result in a 50% savings on sales and use taxes.

How to Apply

In order to take advantage of the partial exemption, Divisions should follow a special process, which is summarized below:

1. Identify equipment and fabricated items for which the exemption is sought before ordering.
2. Determine exemption eligibility (refer to Matrix below).
3. Obtain PI certification (refer to Certification Form below).
4. Route to Division Custodian who will generate a special TechMart requisition (attaching PI certification). Note: Division Custodians must attend training in order to have the proper TechMart access.

After receiving the requisition, Procurement Services arranges the partial sales exemption with the supplier or accrues use tax at a reduced rate (if an out-of-state supplier is used) – your PTA will reflect the reduced tax.

Links to Resources

- Announcement from CA Board of Equalization ([PDF](#))
- Program FAQ's ([PDF](#))
- Exemption Eligibility Matrix ([PDF](#))
- Certification Form ([PDF](#))
- Tax Calculation Tool ([EXCEL](#))
- Training Presentation for Custodians ([PPP](#))