



California Department of Tax and Fee Administration

# INFORMATION UPDATE

Assembly Bill (AB) 398 (Chapter 135, Stats. 2017) and AB 131 (Chapter 252, Stats. 2017) amended Revenue and Taxation Code (R&TC) section 6377.1, which provides for a partial sales and use tax exemption for certain manufacturing and research development equipment. Among other changes, the amendments change, beginning January 1, 2018:

- The definition of a “qualified person” to include persons primarily engaged in electric power generation or production or storage and distribution as described in NAICS codes 221111 to 221118, or 221122.
- The definition of “qualified tangible personal property” to include special purpose buildings and foundations used as an integral part of the generation or production or storage and distribution of electric power.

The exemption certificate forms (CDTFA-230-M and CDTFA-230-MC) are included in Regulation 1525.4, *Manufacturing and Research & Development Exemption*. We will revise the posted exemption certificate forms *after* revisions to Regulation 1525.4 are completed. Until then taxpayers may continue to use the current forms posted on our website.

We suggest that if applicable, the person issuing the exemption certificate add a statement on the certificate that they are “primarily engaged in the generation or production, or storage and distribution of electric power as described in NAICS codes 221111 to 221118, or 221122.”

For more information about the amendments to R&TC section 6377.1, please see our online guide, [Manufacturing and Research & Development Equipment Exemption](#).

**PARTIAL EXEMPTION CERTIFICATE FOR  
MANUFACTURING, RESEARCH AND DEVELOPMENT EQUIPMENT**UC Irvine  
Substitute CDTFA-230-M**Section 6377.1**

This is a partial exemption from sales and use taxes at the rate of 4.1875 percent from July 1, 2014, to December 31, 2016, and at the rate of 3.9375 percent from January 1, 2017, to June 30, 2030. You are not relieved from your obligations for the remaining state tax and local and district taxes on this transaction. This partial exemption also applies to lease periods occurring on or after July 1, 2014, and before July 1, 2030, for leases of qualified tangible personal property even if the lease agreement was entered into prior to July 1, 2014.

I hereby certify that the tangible personal property described below and purchased or leased from:

SELLER'S/LESSOR'S NAME

SELLER'S/LESSOR'S ADDRESS (street, city, state, ZIP code)

is qualified tangible personal property and will be used by me primarily (please check one):

1. for manufacturing, processing, refining, fabricating, or recycling;
2. for research and development; REQUIRED - Provide sponsored research award's project chartfield value (7 digits):
3. to maintain, repair, measure, or test any property being used for (1) or (2) above; or as a special purpose building
4. and/or foundation.

If qualified property will be used for research and development (box 2 checked above), please check the box that best applies:

- Biotechnology Research and Development
- Physical Research and Development
- Engineering Research and Development
- Life Sciences Research and Development
- Engaged in manufacturing, processing, refining, fabricating, or recycling

Description of qualified tangible personal property purchased or leased:<sup>1</sup>

If this is a specific partial exemption certificate, provide the purchase order or sales invoice number and a precise description of the property being purchased. If you want this certificate to be used as a blanket certificate for future purchases, describe generally the type of property you will be purchasing and ask your vendor to keep this certificate on file.

I, as the undersigned purchaser, hereby certify I am primarily engaged in manufacturing, processing, refining, fabricating, or recycling as described in codes 3111 to 3399 in the North American Industry Classification System (NAICS)<sup>2</sup> or I am primarily engaged in biotechnology, or physical, engineering, and life sciences research and development as described in codes 541711 and 541712 of the NAICS.

I understand that by law, I am required to report and pay the state tax (calculated on the sales price/rentals payable of the property) at the time the property is purchased, removed, converted, or used if:

- the purchase exceeds the \$200 million limitation
- the property is converted for use in a manner not qualifying for the exemption
- the property is removed from California within one year of the date of purchase or lease
- the property is used in a manner not qualifying for the partial exemption

NAME OF PURCHASER University of California, Irvine	SIGNATURE OF PURCHASER, PURCHASER'S EMPLOYEE, OR AUTHORIZED REPRESENTATIVE
PRINTED NAME OF PERSON SIGNING	TITLE
ADDRESS OF PURCHASER	DEPARTMENT OF PURCHASER
PERMIT NUMBER (if you are not required to hold a permit, explain why) SR-CH-21-135302	TELEPHONE NUMBER (      )
EMAIL ADDRESS OF PERSON SIGNING	DATE

<sup>1</sup> See Regulation 1525.4 (b)(9) for a description of what is included and excluded from "qualified tangible personal property."

<sup>2</sup> Official 2012 US NAICS Manual, U.S. Office of Management and Budget, 2012 edition.