

## How We Help You

- **REVIEW** all company operations to determine all business units that may qualify for the exemption
- **DOCUMENT** each aspect of the process and test a sample of qualified assets like an auditor would (or will!)
- **PROVIDE PEACE OF MIND** Similar to other documented tax “studies” (i.e.; R&D, nexus, etc.), your financial auditor will take comfort in the advance documentation so that the 4% benefit is supportable.



## Documentation is Key

The 13 pages of detailed regulations that accompany this exemption demonstrate that while seemingly straightforward on its face, sustaining the benefit is more complicated than simply issuing an exemption certificate.

- Purchasers must document various levels of qualification
- Developing and maintaining current support is key
- Possible financial statement impact if documentation is insufficient



# Find Peace of Mind

## Navigate the California Manufacturer's Exemption with Miles Consulting

The California Manufacturing Exemption began July 1, 2014 and allows certain manufacturers and biotech companies to exempt a portion of the sales and use tax on purchases of qualified equipment used in manufacturing and R&D.

Purchased equipment must be used at least 50% in the process of manufacturing or R&D. Qualified taxpayers are those with cost centers in industry NAICS codes of 3111-3399 (manufacturing), 541711 (R&D in biotech) and 541712 (R&D, other). Companies can benefit from a savings of approximately 4% of the purchase price of qualified property, and because it's a sales tax exemption, the benefit is recognized immediately upon purchase.

Miles Consulting has the experience and expertise to help you navigate this new exemption. Founded in 2002, Miles Consulting Group, Inc. is a professional service firm in San Jose, California specializing in multi-state tax solutions. Contact us today to schedule a free, no obligation consultation. ■



**MILES CONSULTING**  
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