



Manufacturing and Research & Development Exemption

**After July 1st, 2014
California State
Partial Exemption
Tax Rate and
Overall Tax
Savings on
Qualifying
Equipment:
4.1875%**

**New Tax Rate on
Qualifying
Equipment:
3.3125%**

**Exemption Period:
July 1, 2014-July 1,
2022**

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by City, County or
Address](#)**

**[CA BOE Partial
Exception
Information](#)**

**[Partial Exemption
Certificate](#)**

Beginning July 1st, California craft breweries will have a tax break that can help them save money on equipment. A new law allows certain manufacturing businesses to purchase or lease manufacturing or R&D equipment at a reduced sales and use tax rate.

There has been an exemption of the CA state portion of the sales and use tax rate. The sales and use tax rate in California will be lowered from 7.50% to 3.3125% on all qualifying equipment purchases and leases. This is a net savings of 4.1875%. Local sales and use tax will remain the same.

Equipment that is included in the tax exemption includes the following: property used in manufacturing, R&D, refining, processing or recycling tangible personal property. It also includes maintaining repairing, measuring, or testing any qualified property. This also includes maintenance equipment and equipment used for quality control.

The following items do not qualify: consumables, furniture, inventory, fixtures, or equipment used to store finished products.

To take advantage of this exemption breweries simply need to provide the seller with a [partial exemption certificate](#) at the time of purchase. You may provide a certificate for each purchase, or you may issue blanket certificates. Details, limitations for the new exemption and access to the exemption certificate can be found [here](#).