



AOSD User Flash #314: Lumber Products Assessment

According to California Department of Tax and Fee Administration (CDTFA) guidelines, the State requires a one percent (1%) assessment on purchases of lumber products and engineered wood products for use in California, based on the selling price of the products. Generally, suppliers except for "low-volume retailers" are responsible for charging and collecting the assessment from their customers. A "low-volume retailer" is a retailer whose sales of qualified lumber products or engineered wood products are less than \$25,000 during the previous calendar year. A "low-volume retailer" is not required to collect the 1% assessment but must notify the customer (the City) that the customer must directly report and pay the lumber product assessment to the CDTFA. For more information, including what products are subject to this assessment, please refer to the [Tax Guide for CA Lumber Products Assessment](#).

Purchase Order Setup & Voucher Payments for Lumber Products

For purchase orders procuring lumber products and engineered wood products, departments must:

1. Use Account Code 542410 Lumber.
2. Create a separate PO line for the 1% assessment using Account Code 542410 and include "Lumber Product Assessment" in the PO line description. Note that lumber assessment is not subject to sales/use tax.

When processing the vouchers, if the 1% assessment is charged and separately stated on the invoice, departments must input the assessment amount on the separate Lumber Product Assessment Invoice Line generated from the PO.

Lumber Products Assessment Accrual

If your department receives an invoice on lumber products and engineered wood products, and the 1% assessment is not charged and separately stated on the invoice, you must process a journal entry to accrue the assessment liability in Account Code 204080 CA Lumber Assessment. The Cash Disbursement Unit will subsequently submit the balance in this account to the CDTFA.

For the journal entry, you may follow the steps for sales/use tax manual accruals in Section 4.5.4 of the [Controller's Accounting Policies & Procedures](#). Please make sure to use Account Code 204080 for the line crediting the liability. The table below summarizes the journal lines required.

	Account	Fund	Department	Authority	Project	Activity
Line 1 (Debit Expense)	Same as voucher	Same as voucher	Same as voucher	Same as voucher	Same as voucher	Same as voucher
Line 2 (Credit Assessment Liability)	204080	28970	229222	10000	10026734	0001
Line 3 (Debit Cash Balancing)	100005	28970	229222	10000	10026734	0001
Line 4 (Credit Cash Balancing)	100005	Same as voucher	Same as voucher	Same as voucher	Same as voucher	Same as voucher

If you have any questions, please contact your AOSD Fund Accountants.