



# Special Notice

CALIFORNIA DEPARTMENT  
OF TAX AND FEE  
ADMINISTRATION  
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SACRAMENTO, CA 95814

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Government Operations Agency

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Director

CDTFA WEBSITE  
[www.cdtfa.ca.gov](http://www.cdtfa.ca.gov)

CUSTOMER SERVICE CENTER  
**1-800-400-7115**  
TTY  
**711**

## New Limited Tax Exclusion for Pawnbrokers

Effective June 27, 2017, certain transfers by pawnbrokers may no longer be subject to tax. [Revenue and Taxation Code \(R&TC\) section 6010.15](#) now provides that when a pawnbroker transfers property back to the person that had pledged the property to the pawnbroker as security for a loan, it is no longer taxable under certain conditions.

### New Law

Starting June 27, 2017, through December 31, 2021, tax does not apply to transactions in which a borrower buys back their pledged property from a pawnbroker if *all* of the following conditions are met:

- The buyback occurs within six (6) months of the borrower defaulting on the loan (the date title to the property vests with the pawnbroker).
- The borrower pays the remaining unpaid loan balance, including any charges and interest, as of the date the borrower defaults, together with one of the following:
  - For loans of less than \$2,500: the borrower must pay the allowable charges and interest from the date of default to the date the borrower buys back the pledged property.
  - For loans of \$2,500 or more: the borrower must pay charges and interest due based on the last monthly contractual interest rate from the date of default to the date the borrower buys back the pledged property.
- The borrower has proof, such as a receipt or similar document, that they originally paid sales tax on the item.

For more information on charges and interest allowed by pawnbrokers, please refer to [Chapter 2 \(Pawnbroker Regulations\) of Division 8 of the California Financial Code](#).

### Registration

If you are a pawnbroker and do not already hold a seller's permit, you are required to register with the California Department of Tax and Fee Administration (CDTFA) to report and pay sales tax on your merchandise sales sold at retail or on consignment. To register, please visit our website at [www.cdtfa.ca.gov](http://www.cdtfa.ca.gov) and select *Register*.

### CDTFA Regulatory Process

The CDTFA may revise Regulation 1569, *Consignees and Lienors of Tangible Personal Property for Sale*, to implement the changes provided in R&TC section 6010.15. If you would like to receive notices of interested parties meetings and other materials for this issue, please email your request to: [BTFD-BTC.InformationRequests@cdtfa.ca.gov](mailto:BTFD-BTC.InformationRequests@cdtfa.ca.gov).

### For More Information

If you have additional questions regarding this notice, you may call our Customer Service Center at 1-800-400-7115 (TTY:711). Customer service representatives are available weekdays from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.