



TAX INFORMATION BULLETIN

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Disaster Information

Relief is available for taxpayers directly impacted by a disaster, including disasters officially proclaimed as a state of emergency in California. If you are entitled to relief, available services may include extension of tax return due dates and relief of penalties and interest. Replacement copies of lost tax and fee records are also available upon request.

For a list of the counties in the area affected by a declared emergency and for more information, please visit our *State of Emergency Tax Relief* webpage at www.cdtfa.ca.gov/services/state-of-emergency-tax-relief.htm.

Limited Access Code Removal from Online Services

Beginning April 1, 2023, we will begin removing the *Limited Access Code* (LAC) function from our online services system for customers who currently have a logon (username and password) associated to an account. Removal of the LAC function enhances security and your overall online customer service experience. We recommend that you log in with your username and password to verify you have access to your accounts.

For additional LAC removal information, scheduled removal dates, frequently asked questions, and video tutorials for creating a username and password, please visit our *Limited Access Code Removal* webpage at www.cdtfa.ca.gov/taxes-and-fees/LimitedAccessCodeRemoval.htm.

If you need assistance with creating your username and password, please contact our Customer Service Center at 1-800-400-7115 (CRS:711).

New Call Center Hours

We have extended the hours of our Customer Service Center by half an hour each business day, providing additional time to obtain answers to your tax and fee questions.

You can now contact our customer service representatives from 7:30 a.m. to 5:00 p.m. (Pacific time) Monday through Friday, except state holidays. Customer service representatives are available by calling 1-800-400-7115 (CRS:711).



Retail Sales of Menthol Cigarettes and Most Flavored Tobacco Products are Now Prohibited in California

As of December 21, 2022, retailers, including their employees or agents, cannot sell, offer for sale, or possess with the intent to sell menthol cigarettes, most flavored tobacco products, and tobacco product flavor enhancers. Local law enforcement agencies are authorized to enforce this law. In addition, any products that are not listed on the [California Tobacco Directory](#) are contraband and will be subject to seizure by us under the Revenue and Taxation Code (R&TC) [section 30165.1](#). [Senate Bill \(SB\) 793](#) (Stats. 2020, ch. 34), upheld by [Proposition 31](#), added the flavored tobacco sale prohibition [section 104559.5](#) to the Health and Safety Code.

For more information, please visit the California Department of Public Health's (CDPH) [website](#) and read our special notice, *New Law Prohibits Retail Sales of Menthol Cigarettes and Most Flavored Tobacco Products*, at www.cdtfa.ca.gov/formspubs/L885.pdf. If you have any questions, please contact CDPH by email at CTCPIinbox@cdph.ca.gov or by telephone at 1-916-449-5500.

Hazardous Waste Fee Programs Reminder

Beginning January 1, 2022, [SB 158](#) (Stats. 2021, ch. 73) made major changes, including rate changes, and revised the hazardous waste facility, generator, environmental, and disposal fees administered by us. For details of these changes, please visit our *Hazardous Substance (Waste) Fee Guide*, at www.cdtfa.ca.gov/taxes-and-fees/haz-sub-fee.htm.

For details on the changes to the tax and fee rates, please visit our *Tax Rates—Special Taxes and Fees* webpage at www.cdtfa.ca.gov/taxes-and-fees/tax-rates-stfd.htm.

Also, beginning in 2023, Environmental Fee Return, Hazardous Waste Facility Fee Return, Hazardous Waste Generation and Handling Fee Return, and prepayments are required to be filed using our online services system.

Please log in to our online services system with a username and password to file your return. For assistance with creating a username and password and filing online, please view our tutorials at www.cdtfa.ca.gov/services/#Tutorials, or you may call our Customer Service Center at 1-800-400-7115.



New Sales and Use Tax Rates Effective April 1, 2023

Starting April 1, 2023, many new local sales and use tax rates become effective that may impact your business. Rates are changing in multiple cities and counties. Please see our special notice, *New Sales and Use Tax Rates Effective April 1, 2023*, at www.cdtfa.ca.gov/formspubs/L892.pdf, for more information.



Excise Tax Credit for Above-the-Rack Sales of Tax-Paid Diesel Fuel

Diesel fuel suppliers can claim an excise tax credit under specific circumstances for taxable removals of diesel fuel from an approved terminal. The supplier must show that tax has been paid more than one time on the same amount of diesel fuel being withdrawn by the same supplier, as outlined in R&TC [section 60501, subdivision \(a\)\(4\)\(J\)](#).

A supplier making a sale of tax-paid diesel fuel *above the rack* in an approved terminal to another supplier would not meet the conditions outlined in the law and is not eligible to claim a credit because the same supplier did not pay the tax twice. In this situation, the supplier selling tax-paid fuel within the approved terminal may recoup their excise tax. To do so, the supplier would charge excise tax reimbursement on the tax-paid fuel being sold and issue a first taxpayer's report to the purchaser. The purchaser must retain the first taxpayer's report to be eligible to claim the credit outlined in R&TC [section 60501, subdivision \(a\)\(4\)\(J\)](#).

Additional details, including examples of a first taxpayer's reports, can be found in Diesel Fuel Tax Regulation 1435, *Tax Paid Twice on the Amount of Diesel Fuel Removed from an Approved Terminal*, at www.cdtfa.ca.gov/lawguides/vol3/dftr/dftr-reg1435.html.

Above-the-rack sales of tax-paid motor vehicle fuel may be eligible for similar credit based on provisions outlined in R&TC [section 8101, subdivision \(g\)](#). For additional details and an example of a first taxpayer's report, please see Motor Vehicle Fuel Tax Regulation 1161, *Tax Paid Twice on Motor Vehicle Fuel*, at www.cdtfa.ca.gov/lawguides/vol3/mvfr/mvfr-reg1161.html.



New Local Charge Rate for San Francisco Retail Sales of Prepaid Mobile Telephony Services Effective April 1, 2023

Beginning April 1, 2023, the new local charge rate for the City and County of San Francisco is increasing from 15 percent to 15.42 percent. Sellers are required to collect, report, and pay local charges on their retail sales of prepaid mobile telephony services. You may find the applicable local charge rates for each city and county on our *911 Surcharge, 988 Surcharge, and Local Charge Rates* webpage at www.cdtfa.ca.gov/taxes-and-fees/mts.htm.

For the latest information about local charge collection requirements and the 911 and 988 surcharges, please see our *Tax Guide for Prepaid Mobile Telephony Services (MTS) and Telecommunication Service Suppliers* at www.cdtfa.ca.gov/industry/seller-servicesupplier.htm.

Sales and Use Tax for Nonprofits

Although many nonprofit organizations are exempt from state and federal income tax, there is no similar exemption from California sales and use tax. In other words, sales and use tax generally applies to a nonprofit organization's sales and purchases in the same manner as it does for other retailers and purchasers.

There are limited exemptions available to certain nonprofit organizations engaged in specific activities. How tax applies to sales and purchases by a nonprofit organization is fact-specific and depends on the type of organization and the organization's practices and activities.

If you are interested in attending our nonprofit tax webinar, please visit our *Tax Education Events* webpage at www.cdtfa.ca.gov/seminar/. For more information on nonprofit organizations and available exemptions, please see our *Tax Guide for Nonprofit Organizations* at www.cdtfa.ca.gov/industry/nonprofit-organizations.htm#Overview.



Closing Out Your Account

As a retailer, it is important to register for accounts with us when you start a business. It is equally important that you close out your account(s) when any of the following occurs:

- You are no longer actively engaged in business.
- You sell your business or stock of goods to someone else.
- You change the type or form of ownership for your business (for example, from a sole proprietorship to a corporation or partnership).
- You add a new partner, or a partner leaves the business, and your partnership agreement calls for dissolution of the partnership and the formation of a new partnership when a change in partners occurs.
- You no longer sell prepaid mobile telephony services.
- You qualify as a small seller of prepaid mobile telephony services, and you decide not to voluntarily collect the local charge from your customers on and after January 1, 2017.

If you do not notify us of these changes, you may be held liable as a predecessor for taxes, fees, surcharges, interest, and/or penalties which are incurred by a successor entity even though you cease to own or operate the business.

Please contact your [local CDTFA office](#) for assistance if your business is undergoing any of these changes. You may also contact our Customer Service Center at 1-800-400-7115 (CRS:711) for assistance with updating your account. Customer service representatives are available Monday through Friday from 7:30 a.m. to 5:00 p.m. (Pacific time), except state holidays.



Know Your Rights

As a taxpayer, you have many rights under the law, including the right to:

- Information and assistance to help you comply with the law,
- Fair and courteous treatment,
- Prompt service,
- Confidentiality, and
- Appeal a determination or claim a refund as allowed by law.

Along with those rights, you have the responsibility to:

- Stay informed about tax laws and regulations that affect you and your business,
- Promptly respond to our attempts to contact you,
- Inform us of changes to your business ownership or address, and
- Maintain adequate [records](#).

For more information, please see publication 70, *Understanding Your Rights as a California Taxpayer*, at www.cdtfa.ca.gov/formspubs/pub70.pdf. You may also call the Taxpayers' Rights Advocate Office at 1-888-324-2798 if you have questions about your rights or if you are unable to resolve a problem through normal channels, such as speaking with a supervisor.



For More Information

All telephone numbers are toll-free.

Internet

www.cdtfa.ca.gov
www.taxes.ca.gov

Customer Service Center

1-800-400-7115
 (CRS:711)

Seller's Permit Verification

1-888-225-5263
www.cdtfa.ca.gov

Taxpayers' Rights Advocate

1-888-324-2798
www.cdtfa.ca.gov/tra

Tax Evasion Hotline

1-888-334-3300

State Legislation

<https://leginfo.legislature.ca.gov/>

More Articles Available Online

There are occasions when we have more articles than we have space for in this print version of the *Tax Information Bulletin*. The additional articles are available online at www.cdtfa.ca.gov/taxes-and-fees/tax-bulletins.htm.

New and Revised Publications Available Online

For new and revised publications, see our website at www.cdtfa.ca.gov/formspubs/pubs.htm.

Thank you for connecting with us.

