



SPECIAL NOTICE

CALIFORNIA DEPARTMENT
OF TAX AND FEE
ADMINISTRATION
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CUSTOMER SERVICE CENTER
1-800-400-7115

CRS
711

Limited Tax Exclusion for Pawnbrokers Extended Through 2026

Until January 1, 2027, pawnbrokers may continue to exclude from tax those transactions in which a borrower buys back their pledged property if *all of* the following conditions are met:

- The buyback occurs within six (6) months of the date the borrower defaulted on the loan (the date title to the property vested with the pawnbroker).
- The borrower pays the remaining unpaid loan balance, including any charges and interest, as of the date the borrower defaulted, together with one of the following:
 - For loans of less than \$2,500, the borrower must pay the allowable charges and interest from the default date 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.

Background

[Assembly Bill 296](#) extends the sunset date for the exclusion from tax on certain transfers of property by pawnbrokers until January 1, 2027. Previously, the sunset date was January 1, 2022. The exclusion is set forth by Revenue and Taxation Code section 6010.15, which provides that when a pawnbroker transfers property back to the person that had pledged the property to the pawnbroker as security for a loan, that transfer is not taxable under certain conditions.

For More Information

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