

# CANNABIS SPECIAL NOTICE



## New Cannabis Excise Tax Rate Effective July 1, 2025

Effective July 1, 2025, the cannabis excise tax rate will increase from 15 percent to 19 percent of gross receipts from retail sales of cannabis or cannabis products.

### Why is the tax rate changing?

The California Department of Tax and Fee Administration, in consultation with the Department of Finance, is required by law to adjust the cannabis excise tax rate for the 2025-26 fiscal year and every two years thereafter. The rate change reflects an additional percentage equivalent to the amount of cultivation tax that would have been collected if the cultivation tax had not ended.<sup>1</sup> For more information on the computation for the rate change, please see our *Tax Guide for Cannabis Businesses* at <https://www.cdtfa.ca.gov/industry/cannabis/retailers.htm#cannabis-excise-tax-rate-adjustment>.

### How does the tax apply?

Cannabis retailers are responsible for collecting the cannabis excise tax from their customers who purchase cannabis or cannabis products based on the gross receipts from the retail sale. Gross receipts generally include any amount the purchaser is required to pay to purchase the cannabis or cannabis products. For more information on what is included in gross receipts, please see *Gross Receipts Subject to Tax* section at <https://cdtfa.ca.gov/indu/cannabis/retailers.htm#RetailGrossReceipts> in our *Tax Guide for Cannabis Businesses* under the *Retailers* page at <https://cdtfa.ca.gov/industry/cannabis/retailers.htm>.

### When is the tax due?

The 19 percent cannabis excise tax rate applies to all cannabis and cannabis product purchases made by consumers on and after July 1, 2025. Cannabis retailers are responsible for reporting their sales to us on their online cannabis excise tax return. For monthly filers, the new rate applies starting with the July 2025 returns. For quarterly filers, the new rate applies starting with the third-quarter 2025 returns (covering July 1, 2025 – September 30, 2025). For current and prior cannabis tax rates, please see our *Tax Rates—Special Taxes and Fees* page at <https://www.cdtfa.ca.gov/taxes-and-fees/special-taxes-and-fees-tax-rates/#cannabis>.

### Potential legislation that may impact the tax rate

We are aware of proposals to change our requirement to adjust the cannabis excise tax rate. If there are any changes that will affect the tax rate, you will receive another notification from us.

### For more information

We encourage you to read our online guide for cannabis at *Tax Guide for Cannabis Businesses* at <https://cdtfa.ca.gov/industry/cannabis/>. You may also call our Customer Service Center at 1-800-400-7115 (TTY:711), and select the option for *Special Taxes and Fees*. Customer service representatives are available Monday through Friday from 7:30 a.m. to 5:00 p.m. (Pacific time), except state holidays.

<sup>1</sup> Revenue and Taxation Code [section 34011.2](#).