



New Salinas Office Opens on October 3, 2022—Services Available by Appointment

On Monday, October 3, 2022, at 8:00 a.m. (Pacific time), we will open our new Salinas Office located at:

928 E. Blanco Road, Suite 115
Salinas, CA 93901-4488
1-831-754-4500

Public counter services in our local field offices are available by appointment. To schedule an appointment at our new office, please call us directly at 1-831-754-4500 or send an email to SalinasInquiries@cdtfa.ca.gov. Office hours are Monday through Friday from 8:00 a.m. to 5:00 p.m.

You may also contact our Customer Service Center at 1-800-400-7115 (CRS:711). Customer service representatives are available Monday through Friday from 7:30 a.m. to 5:00 p.m. (Pacific time), except state holidays.

Please visit our website at www.cdtfa.ca.gov for a listing of all CDTFA offices, online registration, online filing, forms, payments, and other general information.

Useful Taxpayers' Rights Publications

There are many informative publications that can be accessed on our website.

- **Publication 70**, *Understanding Your Rights as a California Taxpayer*, highlights taxpayers' rights including your rights during an audit and throughout the collection process.
- **Publication 145**, *California Taxpayer Advocates*, contains contact information for the Taxpayer Advocate offices at the California Department of Tax and Fee Administration, Franchise Tax Board, Employment Development Department, Board of Equalization, and Internal Revenue Service.
- **Publication 215**, *Free Legal Help... Do You Qualify? Tax Appeals Assistance Program (TAAP)*, includes information about how taxpayers can qualify for free legal advice during the appeals process.

If you are unable to resolve an issue through normal channels, such as speaking with a supervisor, please call the Taxpayers' Rights Advocate Office at 1-888-324-2798 or email txrtsweb@cdtfa.ca.gov.

Mandatory Tips, Gratuities, and Service Charges by Point-of-Sale Systems

If you operate a restaurant, bar, or similar establishment and add a mandatory tip, gratuity, or service charge to the bill, the charge is subject to tax, even if the amount is later paid to your employees. When using a Point-of-Sale (POS) system, please make sure tax is correctly applied for these types of mandatory charges. If your POS system is not programmed correctly, please contact your POS vendor.

Generally, tips considered mandatory are subject to tax when the charge is automatically added, and your menu or other printed materials includes statements like the following:

- "An X% gratuity (or service charge) will be added to parties of Y or more."
- "A X% voluntary gratuity will be added for parties of Y or more."
- "Suggested gratuity of X%" is itemized on the bill or invoice.

For more information regarding tips, gratuities, and service charges, please see [publication 115](#), *Tips, Gratuities, and Service Charges*, and [Regulation 1603](#), *Taxable Sales of Food Products*.

Modifying the District Tax Codes

We are modifying the codes used to identify Special Taxing Jurisdictions (District Tax Codes) from a three-digit numeric to a three-character alphanumeric format. This change takes effect on October 1, 2022, and applies to some of the new District Tax Codes effective on this date and all of the district codes effective after this date. The change will not impact existing codes.

For more information, please visit our *Information for Local Jurisdictions and Districts* webpage at www.cdtfa.ca.gov/taxes-and-fees/local-and-district-taxes.htm.

Sales and Use Tax Rate for Diesel Fuel Changes October 1, 2022

Starting October 1, 2022, through September 30, 2023, [Assembly Bill 194](#) (Stats. 2022, ch. 55) added a temporary partial sales and use tax exemption (3.9375%) on the sale, storage, use, or other consumption of diesel fuel. The prepayment rate for diesel fuel for the period October 1, 2022, through June 30, 2023, is also being revised to reflect the new sales and use tax rate. The new rates are as follows:

Sales and Use Tax Rates				
Type of Fuel	Prepayment per Gallon		Sales and Use Tax Rate*	
	July 1, 2022, through September 30, 2022	October 1, 2022, through June 30, 2023	Current through September 30, 2022	October 1, 2022, through September 30, 2023
Diesel fuel	47 cents (\$0.470)	33 cents (\$0.330)	13.00%	9.0625%

*You must add district taxes where applicable. District taxes continue to apply to sales and purchases of diesel fuel and are not included in the AB 194 partial sales and use tax exemption. District tax rates for your area are available on our website at www.cdtfa.ca.gov/formspubs/ctdfa105.pdf.

The following rates, effective July 1, 2022, through June 30, 2023, remain unchanged:

Sales and Use Tax Rates		
Type of Fuel	Prepayment per Gallon	Sales and Use Tax Rates*
Gasoline (motor vehicle fuel)	9 cents (\$0.090)	2.25%
Aircraft jet fuel	18 cents (\$0.180)	7.25%
Aviation gasoline	Not applicable	Not applicable

*You must add district taxes where applicable. District tax rates for your area are available on our website at www.cdtfa.ca.gov/formspubs/ctdfa105.pdf.

Excise Tax Rates per Gallon	
Type of Fuel	Effective July 1, 2022
Gasoline (motor vehicle fuel)	53.9 cents (\$0.539)
Aircraft jet fuel ¹	2 cents (\$0.02)
Diesel fuel	41.0 cents (\$0.410)
Aviation gasoline ¹	18 cents (\$0.18)

¹Excise taxes on aircraft jet fuel and aviation gasoline are not subject to an annual adjustment.

Sign Up Now

We are transitioning away from Limited Access Codes (LACs). We are no longer providing LACs to newly registered accounts; all new registrations will need to create an online services profile with a username and password. Newly registered account holders must use their online profile to file returns and make payments.

If you have not created an online profile with your username and password, we encourage you to *Sign Up Now* at onlineservices.cdtfa.ca.gov. You can access your accounts, file returns and reports, and make payments using our online services system. Your online profile gives you valuable access to perform many account activities online such as:

- Managing multiple accounts
- Requesting relief of penalties and/or interest
- Requesting filing extensions
- Saving and updating banking and accounting information
- Viewing return and payment history
- Receiving alerts and correspondence

If you need assistance with creating your username and password, please contact our Customer Service Center at 1-800-400-7115 (CRS:711). Customer service representatives are available Monday through Friday from 7:30 a.m. to 5:00 p.m. (Pacific time), except state holidays.

Samples Selected by Taxpayers to Determine Refund Amounts

To estimate requested refund amounts, you or your representatives may use sampling and projection techniques, like the techniques used by our auditors. However, *sample results* provided by you, or your representatives, will not be used by our auditors to verify and approve the claim for refund.

You will need to provide the full transaction population as support for the claim. After we have received your claim, our audit team member will contact you or your representative to determine if sampling is feasible, and if so, develop a mutually agreeable sampling plan, as stated in our [Audit Manual](#) section 0401.05.

Approved refund amounts will be based on samples selected by our audit team members.

Cultivation Tax Ends

Beginning July 1, 2022, the cultivation tax no longer applies to harvested cannabis entering the commercial market. The cultivation tax that cannot be returned to the cultivator who paid it, is considered excess cultivation tax collected.

For more information about the cultivation tax ending, what to do with any excess cultivation tax collected on harvested cannabis that enters the commercial market after July 1, 2022, and the upcoming changes to the cannabis tax return, please see our special notices, *Cultivation Tax Ends on July 1, 2022*, at www.cdtfa.ca.gov/formspubs/L856.pdf, *Cultivation Tax No Longer Applies*, at www.cdtfa.ca.gov/formspubs/L858.pdf, and *Revised Cannabis Tax Return Beginning with the July 2022 and Third Quarter 2022 Filing Periods*, at www.cdtfa.ca.gov/formspubs/L864.pdf.

Cannabis Excise Tax Changes Beginning January 1, 2023, and New Enforcement Provisions

Beginning January 1, 2023, the responsibility for collecting and paying the cannabis excise tax to the California Department of Tax and Fee Administration shifts from distributors to cannabis retailers.

Distributors (including microbusiness distributors)

Starting January 1, 2023, distributors and microbusinesses authorized to distribute cannabis or cannabis products will stop collecting the 15 percent cannabis excise tax from cannabis retailers. Cannabis tax accounts held by distributors will automatically be closed out by us. Distributors will file their last cannabis tax return for December 2022 for monthly filers or fourth quarter 2022 for quarterly filers, due on January 31, 2023. We will provide additional information to distributors in the late fall for guidance regarding their last return and closing their cannabis tax account.

Cannabis retailers (including microbusiness retailers)

Starting January 1, 2023, cannabis retailers will need a cannabis retailer excise tax permit from us. In December, we will automatically register cannabis retailers, including microbusiness retailers, with a cannabis retailer excise tax permit. If a retailer was not automatically registered with us, the retailer can register for a cannabis excise tax permit through our online services beginning in mid-December. Additional information will be provided to cannabis retailers in November.

Additionally, retailers will be responsible for collecting the 15 percent cannabis excise tax from their customers based on the gross receipt from the retail sale of cannabis or cannabis products. Gross receipts include the selling price of cannabis or cannabis (after discount), and all charges related to the sale, such as delivery fee and any local cannabis taxes listed separately on the invoice or receipt.

Lastly, retailers will be required to file cannabis retailer excise tax returns online with us and pay the cannabis excise tax due. Retailers may claim a credit on the return for any excise tax paid to a distributor for cannabis or cannabis products purchased before January 1, 2023, for cannabis or cannabis products sold at retail on or after January 1, 2023.

If already approved for a license fee waiver with the Department of Cannabis Control, licensees can apply to us to retain Vendor Compensation equal to 20 percent of cannabis tax due. We will provide additional information to cannabis retailers in the late fall for guidance on how they can apply for Vendor Compensation and how to retain 20 percent of the cannabis excise tax due.

New enforcement provisions

The amendments to the Cannabis Tax Law also contain important new enforcement provisions.

- Any unlicensed individual or cannabis business who possesses, keeps, stores, or retains for the purpose of sale, or sells or offers to sell cannabis or cannabis products may be held liable for cannabis taxes due to us.
 - A penalty of 25 percent of the tax due or \$500, whichever is greater, will be added to any assessment issued to an unlicensed cannabis business.

- We may hold any officer, member, manager, partner, or other person personally liable for any unpaid cannabis taxes, interest, and penalties when a corporation, partnership, limited liability partnership, or limited liability company fails to pay cannabis taxes due.
- Any licensed person who sells or transfers cannabis or cannabis products, and knowingly does not report or falsely reports that sale or transfer in the cannabis track and trace system may be held liable for the cannabis excise tax due to us.

Legislation information

[Assembly Bill 195](#) (Stats. 2022, ch. 56), which revised the Cannabis Tax Law, was signed by the Governor on June 30, 2022. We encourage you to read our online *Tax Guide for Cannabis Businesses*, at www.cdtfa.ca.gov/industry/cannabis.htm, for more information about the upcoming changes.

Hazardous Waste Fee Updates—Online Filing Required and Due Date Reminders

The *Hazardous Waste Facility Fee Return*, *Hazardous Waste Generation and Handling Fee Return*, and related prepayments must be submitted using our [online services](#) system, according to [Senate Bill 158](#) (Stats. 2021, ch. 73) and [Assembly Bill 203](#) (Stats. 2022, ch. 60).

Log in to our online services system with your username and password to file your return. For assistance with creating your username and password and filing online, please view our video tutorials, at www.cdtfa.ca.gov/services/#Tutorials, or you may call our Customer Service Center at 1-800-400-7115 (CRS:711).

Prepayment, final payment, and return due dates are as follows:

Generation and Handling Fee:

- *November 30, 2022—Prepayment based on hazardous waste generated in 2021*
- *February 28, 2023—Return and final payment based on hazardous waste generated in 2021*

Facility Fee:

- *November 30, 2022—Prepayment for fiscal year 2022-2023*
- *February 28, 2023—Return and final payment for fiscal year 2022-2023*

For more information, see the reminder notices below:

- *Hazardous Waste Facility Fee Prepayment, Return, and Program Update Reminders* at www.cdtfa.ca.gov/formspubs/L862.pdf
- *Hazardous Waste Generation and Handling Fee Program Reminders and Online Filing Requirement* at www.cdtfa.ca.gov/formspubs/L863.pdf

We also invite you to visit our *Hazardous Substances (Waste) Fee Guide*, at www.cdtfa.ca.gov/taxes-and-fees/haz-sub-fee.htm.

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.

