

**Interested Parties Meeting Agenda**  
**Proposed Emergency Regulation 3802,**  
***Gross Receipts from Sales of Cannabis and Cannabis Products***  
**October 12, 2023**

**Welcome and Introductions**

**Item A – Overview**

- General background.

**Item B – Subdivision (a)**

- Clarifies that for purposes of the cannabis excise tax “gross receipts” has the same meaning as “gross receipts” from the sale of tangible personal property as set forth in RTC section 6012.
- Clarifies that, in general, this means what is included in, not deductible from, or excluded from gross receipts is the same for sales and use tax and cannabis excise tax purposes.

**Item C – Subdivision (b)**

- Specifies what is included in the “total amount of the sale price” for purposes of the cannabis excise tax, unless an exception in subdivision (c), (d), or (e) applies.

**Item D – Subdivision (c)**

- Provides that the “total amount of the sale price” does not include local or district taxes imposed in accordance with the Bradley-Burns Uniform Local Sales and Use Tax Law or Transactions and Use Tax Law.
- Clarifies that other amounts a purchaser must pay to compensate or reimburse a cannabis retailer for taxes imposed on the cannabis retailer by a city, county, city and county, or rapid transit district, including cannabis business taxes, are not excluded from the “total amount of the sale price.”
- Also, we are considering including that clarification in subdivision (b), instead of subdivision (c).

**Item E – Subdivision (d)**

- Provides that the “total amount of the sale price” does not include charges for transportation that are not subject to sales and use tax as provided in Sales and Use Tax Regulation 1628.
- Clarifies that charges a purchaser must pay a cannabis retailer for delivery by an employee of the cannabis retailer are generally included in the gross receipts subject to the cannabis excise tax.

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**Item F – Subdivision (e)**

- Clarifies that the “total amount of the sale price” does not include a reasonable amount charged for optional packaging or other optional tangible personal property as a unit or for a lump sum price.
- Clarifies when packaging and other tangible personal property is optional.
- Provides a rebuttable presumption that packaging and other tangible personal property sold with cannabis or cannabis products as a unit or for a lump sum price are not optional.
- Provides that a retailer must maintain records to establish that packaging or other tangible personal property sold with cannabis or cannabis products as a unit or for a lump sum price was optional and that the amount charged for the optional packaging or other optional tangible personal property was reasonable.

**Item G – Conclusion**

- Written comments regarding the proposed regulation or suggestions for alternative regulatory language are due October 20, 2023.
- Please submit to [BTFD-BTC.InformationRequests@cdtfa.ca.gov](mailto:BTFD-BTC.InformationRequests@cdtfa.ca.gov).
- Next steps.

**Other Contact Information**

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