

CANNABIS SPECIAL NOTICE

Cannabis Rates Effective January 1, 2022

Cultivation Tax Rates

Beginning January 1, 2022, the cultivation tax rates reflect an adjustment for inflation as required by the Cannabis Tax Law. The adjusted rates for each category shown below will be reflected on the monthly and quarterly cannabis tax returns beginning January 1, 2022.

CANNABIS CATEGORY	CURRENT RATE ENDING 12/31/2021	NEW RATE EFFECTIVE 1/1/2022
Flower per dry-weight ounce	\$9.65	\$10.08
Leaves per dry-weight ounce	\$2.87	\$3.00
Fresh cannabis plant per ounce	\$1.35	\$1.41

- On and after January 1, 2022, the new rates apply to cannabis that a cultivator sells or transfers to a manufacturer or distributor.
- A cultivator's cannabis sales or transfers made prior to January 1, 2022, will use the current rates listed above.

For current and prior cultivation tax rates, please see our *Special Taxes and Fees* rate page at www.cdtfa.ca.gov/taxes-and-fees/tax-rates-stfd.htm, under *Cannabis Taxes*.

Cannabis Mark-up Rate

The California Department of Tax and Fee Administration (CDTFA) is responsible for determining the cannabis mark-up rate every six months. We have determined the cannabis mark-up rate will remain at **80 percent** through at least June 30, 2022. To make this determination, we analyzed statewide market data to calculate the mark-up rate between the wholesale cost and the retail selling price of cannabis and cannabis products.

The mark-up rate is used by distributors to compute the average market price of cannabis or cannabis products sold or transferred to a retailer in an arm's length transaction. In these transactions, the average market price is the retailer's wholesale cost of the cannabis or cannabis products plus the CDTFA mark-up rate.

The 15 percent cannabis excise tax is based on the average market price of the cannabis or cannabis products sold in a retail sale. You can find examples of how to calculate the cannabis excise tax on our [Tax Guide for Cannabis Businesses](#) under the *Distributors* tab.

For current and prior cannabis mark-up rates, please see our *Special Taxes and Fees* rate page at www.cdtfa.ca.gov/taxes-and-fees/tax-rates-stfd.htm, under *Cannabis Taxes*.

For more information

We encourage you to read our online *Tax Guide for Cannabis Businesses* at www.cdtfa.ca.gov/industry/cannabis.htm. You may also call our Customer Service Center at 1-800-400-7115 (CRS:711). Customer service representatives are available Monday through Friday from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays. When calling, select the option for *Special Taxes and Fees*.