

# CANNABIS

## SPECIAL NOTICE



## New Responsibilities for Cannabis Retailers Beginning January 1, 2023

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

### Obtain a cannabis retailer excise tax account

In December 2022, we will automatically register cannabis retailers and microbusinesses who sell cannabis or cannabis products at retail with a cannabis retailer excise tax account based on their licensing information with the Department of Cannabis Control (DCC).

- We will notify the cannabis retailers that are automatically registered.
- Cannabis retailers that are not automatically registered must register with us for a cannabis retailer excise tax account through our [online services](#), which will be available in late December 2022.
- The cannabis retailer excise tax account is required in addition to the retailer's sales and use tax account.

### Collect the cannabis excise tax

Beginning January 1, 2023, cannabis retailers are responsible for collecting the 15 percent cannabis excise tax from purchasers based on gross receipts from the retail sale of cannabis or cannabis products.

- Gross receipts include the sales price of the cannabis or cannabis products and all charges related to the sale, such as delivery fees and any local cannabis taxes listed separately on the invoice or receipt provided to the purchaser.
- Gross receipts for cannabis excise tax purposes do not include sales tax or the gross receipts from the retail sale of any noncannabis item.
- The cannabis excise tax must be listed separately on the receipt or invoice provided to the retail purchaser and included in gross receipts subject to sales and use tax.

For an example on how the cannabis excise tax will be calculated, please see our *Tax Guide for Cannabis Businesses* under the *Retailers* tab at [www.cdtfa.ca.gov/industry/cannabis.htm](http://www.cdtfa.ca.gov/industry/cannabis.htm).

### Report and pay the cannabis excise tax

Cannabis retailers must file cannabis retailer excise tax returns online and pay the cannabis excise tax collected from purchasers to us. New cannabis retailer excise tax accounts will be assigned to a quarterly reporting basis, due and payable on or before the last day of the month following each quarterly period.

- The first cannabis retailer excise tax return will be due May 1, 2023, for the January 1, 2023, through March 31, 2023, quarterly reporting period.

- Cannabis retailers may claim a credit on their cannabis retailer excise tax return for any cannabis excise tax paid to a distributor for cannabis or cannabis products purchased before January 1, 2023, and sold at retail on and after January 1, 2023. Any amount of cannabis excise tax due to a distributor for purchases made prior to January 1, 2023, must be paid to the distributor no later than April 1, 2023.
- Cannabis retailers must keep documentation to support any credits reported on their cannabis retailer excise tax return. Without proper documentation, the claimed credit may be disallowed. We may hold the cannabis retailer liable for any unpaid cannabis excise tax. Documentation may include, but is not limited to:
  - Sales invoice or receipt indicating cannabis or cannabis products sold in a retail sale on or after January 1, 2023.
  - Purchase invoice or manifest indicating the cannabis or cannabis products that were sold in a retail sale on or after January 1, 2023, were sold or transferred by a distributor to the cannabis retailer prior to January 1, 2023.
  - Other information supporting the payment of the cannabis excise tax to a distributor for cannabis or cannabis products purchased from the distributor prior to January 1, 2023, and sold at retail on and after January 1, 2023.
- Certain retailers who are already approved for a license fee waiver with DCC, can apply with us to retain 20 percent of the cannabis excise tax due as vendor compensation. Information on how to apply for and report vendor compensation will be provided in a special notice and on our *Tax Guide for Cannabis Businesses* in December 2022.
- Additional information on how to file a cannabis retailer excise tax return will be provided on our *Tax Guide for Cannabis Businesses* in January 2023.

We encourage you to read our online *Tax Guide for Cannabis Businesses* at [www.cdtfa.ca.gov/industry/cannabis.htm](http://www.cdtfa.ca.gov/industry/cannabis.htm) for more information about cannabis retailers' responsibilities.

### **For more information**

Please visit our website at [www.cdtfa.ca.gov](http://www.cdtfa.ca.gov), or you may also call our Customer Service Center at 1-800-400-7115 (CRS:711), then 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 on state holidays.