

# CANNABIS SPECIAL NOTICE

## Cannabis Markup Rate Decreases to 75 Percent on July 1, 2022

The California Department of Tax and Fee Administration (CDTFA) is responsible for determining the cannabis markup rate every six months. This rate is the markup between the wholesale cost and the retail selling price and is based on statewide market data. For the period commencing July 1, 2022, and ending December 31, 2022, the markup rate will be 75 percent.

The markup rate is used to compute the average market price of cannabis or cannabis products sold or transferred to a cannabis retailer by a distributor in an [arm's length transaction](#). In these transactions, the average market price, which is subject to the state's 15 percent cannabis excise tax, is the cannabis retailer's wholesale cost of the cannabis or cannabis products plus the CDTFA's calculated markup rate.

All current and prior cannabis markup rates are available under *Cannabis Taxes* on our Tax Rates – Special Taxes and Fees webpage at [www.cdtfa.ca.gov/taxes-and-fees/tax-rates-stfd.htm](http://www.cdtfa.ca.gov/taxes-and-fees/tax-rates-stfd.htm). We also 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 information about cannabis taxes and examples on how to calculate the average market price using CDTFA's markup rate.

### For more information

You may also call our Customer Service Center at 1-800-400-7115 (CRS:711); 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.