

# CANNABIS

## SPECIAL NOTICE

### Revised Cannabis Tax Return

### Beginning with the July 2022 and Third Quarter 2022 Filing Periods

The cannabis tax return has been revised so you can report and pay any excess cultivation tax collected when filing your return beginning with the July 2022 and third quarter 2022 filing periods.

#### What's new for reporting the cultivation tax?

Beginning July 1, 2022, the cultivation tax no longer applies to harvested cannabis or cannabis products entering the commercial market. Cannabis enters the commercial market when the cannabis or cannabis products pass the required testing and quality assurance review.

- The category and weight of harvested cannabis that enters the commercial market on or after July 1, 2022, is no longer reported on the cannabis tax return.
- Any cultivation tax collected on cannabis that enters the commercial market on or after July 1, 2022, is excess cultivation tax collected and must be returned to the cultivator that originally paid the cultivation tax.
- Any cultivation tax collected on harvested cannabis that enters the commercial market on or after July 1, 2022, that cannot be returned to the cultivator that originally paid it must be reported and paid to California Department of Tax and Fee Administration (CDTFA) as excess cultivation tax collected.

#### How do I prepare for the new return?

- Stop collecting cultivation tax from cultivators on any harvested cannabis that entered the commercial market on or after July 1, 2022.
- Return any cultivation tax that was previously collected on harvested cannabis that did not enter the commercial market prior to July 1, 2022, to the cultivator that paid it. Keep documentation as evidence that the cultivation tax was returned and that you did not retain any excess cultivation tax. This documentation protects you from liability for any excess cultivation tax collected.
- Document any excess cultivation tax collected that cannot be returned to the cultivator that originally paid it, in order to report and pay the tax on your next cannabis tax return.

#### How do I report excess cultivation tax collected?

- Beginning with the July 2022 and third quarter 2022 filing periods, the cannabis tax return has been revised to include an excess cultivation tax line to report the total dollar amount of excess cultivation tax collected.
- If you are a manufacturer that has collected excess cultivation tax and cannot return it to the cultivator that originally paid it, you must transfer the excess cultivation tax collected to a distributor for the distributor to report it on their next online cannabis tax return.

#### What do I do if I returned cultivation tax to the cultivator that paid it after I reported and paid it as excess cultivation tax collected?

- You may file a claim for refund using our online services at [onlineservices.cdtfa.ca.gov/](https://onlineservices.cdtfa.ca.gov/).
- You must provide documentation that supports the claimed amount of excess cultivation tax collected was returned to the cultivator that paid it before a refund can be issued.

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**CALIFORNIA DEPARTMENT  
OF TAX AND FEE  
ADMINISTRATION**

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**For more information**

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). 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 state holidays..