



# TAX INFORMATION BULLETIN

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## Limited Access Code Removal

On July 6, 2023, customers who currently file returns on a monthly basis or quarterly prepayment basis and those who are required to make mandatory Electronic Funds Transfer (EFT) payments will no longer be able to use their Limited Access Code (LAC). They must instead use a username and password to log on.

Removal of the LAC function enhances security and your overall online customer experience. We recommend you [create](#) your username and password prior to July 6, 2023.

For additional LAC removal information, scheduled removal dates, frequently asked questions, and video tutorials for creating a username and password, please visit our *Limited Access Code Removal* webpage at [www.cdtfa.ca.gov/taxes-and-fees/LimitedAccessCodeRemoval.htm](http://www.cdtfa.ca.gov/taxes-and-fees/LimitedAccessCodeRemoval.htm).

If you need assistance with creating your username and password, please contact our Customer Service Center at 1-800-400-7115 (CRS:711). Customer service representatives are available Monday through Friday from 7:30 a.m. to 5:00 p.m. (Pacific time), except state holidays.

## New Sales and Use Tax Rate for the City of Mendota Effective July 1, 2023

Beginning July 1, 2023, the City of Mendota has a new local sales and use tax rate of 9.225 percent that may impact your business. Please see our special notice, *New Sales and Use Tax Rate for the City of Mendota Effective July 1, 2023*, at [www.cdtfa.ca.gov/formspubs/L900.pdf](http://www.cdtfa.ca.gov/formspubs/L900.pdf) for more information.

## Cannabis Retailer Receipt Requirement

Beginning January 1, 2023, when making a retail sale of cannabis or cannabis products, cannabis retailers are required to provide their customers with an invoice or receipt that separately states the cannabis excise tax due, as specified under [Revenue and Taxation Code \(R&TC\) section 34011.2\(d\)](#).

For more information, please see the *Retailers* tab in our *Tax Guide for Cannabis Businesses*, at [www.cdtfa.ca.gov/industry/cannabis.htm#Retailers](http://www.cdtfa.ca.gov/industry/cannabis.htm#Retailers).



## District Tax on Retail Sales and Deliveries of Cannabis or Cannabis Products

Generally, your over-the-counter retail sales of cannabis or cannabis products are subject to any district sales taxes imposed in the district where your cannabis business is located. If you also deliver cannabis or cannabis products to customers using your own vehicle, you are generally required to collect, report, and pay any district use tax imposed in the district where you make the delivery. To find the specific tax rate for your area or business location on our website, from the *Tax & Fee Rates* section, select *See Tax Rates*, and then select *Sales and Use Tax Rates*. You will then be on the [California City & County Sales & Use Tax Rates](#) webpage. Select [Find a Sales and Use Tax Rate by Address](#) under the *Current Tax Rates* section.

For more information on district taxes, please see publication 44, *District Taxes (Sales and Use Taxes)*, at [www.cdtfa.ca.gov/formspubs/pub44.pdf](http://www.cdtfa.ca.gov/formspubs/pub44.pdf). For more information on sales of cannabis and cannabis products, please see our *Tax Guide for Cannabis Businesses* at [www.cdtfa.ca.gov/industry/cannabis.htm](http://www.cdtfa.ca.gov/industry/cannabis.htm), under the *Tax Facts* tab.



## Sales Tax and Excise Taxes on Fuel

By March 1 of each year, we are required to establish the sales tax prepayment rates on fuels that will be in effect from July 1 through June 30 of the following year. Generally, the new prepayment rates take effect July 1. The rates vary depending on the type of fuel involved and may be adjusted during the year, if necessary. In addition to the sales tax prepayment rates on fuel, we are required to adjust the motor vehicle fuel and diesel fuel excise tax rates every July 1 by the percentage change in the California Consumer Price Index, as calculated by the California Department of Finance. The excise taxes on aircraft jet fuel and aviation gasoline are not subject to an annual adjustment.

### Sales Tax Prepayment Rates—Effective July 1, 2023, through June 30, 2024

The sales tax prepayment rates for motor vehicle fuel, diesel fuel, and jet fuel are as follows:

- Motor vehicle fuel (gasoline) rate decreased to \$0.080 per gallon (from \$0.090 per gallon)
- Diesel fuel rate increased to \$0.345 per gallon (from \$0.330 per gallon) for July 1, 2023, through September 30, 2023, and then will increase to \$0.500 per gallon for October 1, 2023, through June 30, 2024
- Jet fuel rate increased to \$0.185 per gallon (from \$0.180 per gallon)

### Excise Tax Rates—Effective July 1, 2023, through June 30, 2024

The excise tax rates for motor vehicle fuel, diesel fuel, jet fuel, and aviation gasoline are as follows:

- Motor vehicle fuel (gasoline) excise tax rate increased to \$0.579 per gallon (from \$0.539 per gallon)
- Diesel fuel excise tax rate increased to \$0.441 per gallon (from \$0.410 per gallon)
- Jet fuel excise tax rate remains at \$0.020 per gallon
- Aviation gasoline excise tax rate remains at \$0.180 per gallon

For information concerning tax rates, please visit the [Sales Tax Rates for Fuels](#) table or the *Fuel Taxes* section on the *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).

## Taxpayers' Bill of Rights Meeting

The annual Taxpayers' Bill of Rights Meeting is a time for the public to provide feedback, make suggestions, or express concerns regarding the administration of the tax and fee programs managed by CDTFA. The 2023 meeting date will be announced on the *Taxpayers' Bill of Rights Meetings* webpage at [www.cdtfa.ca.gov/tra/tbor-meetings.htm](http://www.cdtfa.ca.gov/tra/tbor-meetings.htm), and will take place online via Microsoft Teams. You can sign up for updates on the meeting at [cdtfa.ca.gov/subscribe/](http://cdtfa.ca.gov/subscribe/) by selecting *Taxpayers' Bill of Rights Meeting*.

If you are interested in attending the meeting, please call the Taxpayers' Rights Advocate (TRA) Office at 1-888-324-2798. You may also visit the webpage at [www.cdtfa.ca.gov/tra](http://www.cdtfa.ca.gov/tra) for more information. If you are unable to attend the meeting, you can submit your suggestions or concerns in writing to the TRA Office via email at [txrtsweb@cdtfa.ca.gov](mailto:txrtsweb@cdtfa.ca.gov).

## Sales Tax Applies to Surcharges

Taxable gross receipts include all amounts received with respect to a sale, with no deduction for the cost of the materials, services, or expenses the retailer passed on to the purchaser, unless there is a specific statutory exclusion. Accordingly, if you add a fee or surcharge to your taxable sale that you call, for example, a merchant card processing fee, healthcare surcharge, COVID-19 surcharge, wage increase fee, inflation fee, tourism fee, fuel surcharge, paid sick leave fee, or restaurant fee, such charges are generally considered part of your gross receipts and are subject to tax when the sale is taxable.

For more details about what constitutes gross receipts, please refer to [R&TC section 6012](#).



## A New Tax Guide Is Available

The [Tax Guide for Native Americans](#) is a new tax guide to help businesses and purchasers understand how tax applies to sales or purchases made on a Native American reservation by covering the most common topics.

There are many tax and fee guides that provide information on certain tax or fee topics. They complement our many online publications, which provide more detailed, specific answers to questions about those topics.

Please visit our *Industry & Tax and Fee Guides* webpage at [www.cdtfa.ca.gov/industry/](http://www.cdtfa.ca.gov/industry/) for a complete list of all our guides.



## California Electronic Cigarette Excise Tax Applies to Handling Charges

A handling charge is subject to the California Electronic Cigarette Excise Tax (CECET) since it is considered part of the sales price of electronic cigarettes, even if separately stated. If a transaction includes a sale of electronic cigarettes that is subject to the CECET and a delivery device that is not subject to the CECET and the handling charge relates to both items sold, the handling charge should be prorated. To view examples, please visit our *Tax Guide for California Electronic Cigarette Excise Tax* at [www.cdtfa.ca.gov/taxes-and-fees/electronic-cigarette-excise-tax.htm](http://www.cdtfa.ca.gov/taxes-and-fees/electronic-cigarette-excise-tax.htm).



## New Tax Rate for Other Tobacco Products

The new tax rate for other tobacco products (products other than cigarettes) is 56.32 percent of the wholesale cost, effective July 1, 2023, through June 30, 2024. The tax rate is subject to change annually. For more information, please see our special notice, *New Tax Rate on Other Tobacco Products Effective July 1, 2023, through June 30, 2024*, at [www.cdtfa.ca.gov/formspubs/L899.pdf](http://www.cdtfa.ca.gov/formspubs/L899.pdf). You may find current and historical tobacco products tax rates on our *Tax Rates—Special Taxes and Fees* webpage under the *Cigarette and Tobacco Products Tax* heading at [www.cdtfa.ca.gov/taxes-and-fees/tax-rates-stfd.htm#cigarettetax](http://www.cdtfa.ca.gov/taxes-and-fees/tax-rates-stfd.htm#cigarettetax).



## Retail Sales of Menthol Cigarettes and Most Flavored Tobacco Products Are Prohibited

As a reminder, effective December 21, 2022, retailers, including their employees or agents, are not allowed to sell, offer for sale, or possess with the intent to sell menthol cigarettes, most flavored tobacco products, and tobacco product flavor enhancers. Local law enforcement agencies are authorized to enforce this law. Any cigarette or roll-your-own tobacco products not listed on the [California Tobacco Directory](#) are contraband and will be subject to seizure by us under [R&TC section 30165.1](#).

For more information, please visit the California Department of Public Health (CDPH) [website](#), and see our special notice, *New Law Prohibits Retail Sales of Menthol Cigarettes and Most Flavored Tobacco Products*, at [www.cdtfa.ca.gov/formspubs/L885.pdf](http://www.cdtfa.ca.gov/formspubs/L885.pdf). If you have any questions, please contact CDPH by email at [CTCPIinbox@cdph.ca.gov](mailto:CTCPIinbox@cdph.ca.gov) or by telephone at 1-916-449-5500.

## International Fuel Tax Agreement Records Review

Our Motor Carrier Office is contacting new licensees to conduct records reviews at their place of business. The records review will assist licensees in preparing and documenting their fleet operations as required by International Fuel Tax Agreement (IFTA) Procedures Manual section P530, *Adequacy of Records*.

This records review focuses only on the adequacy of internal controls and compliance of distance and fuel accounting systems and does not constitute an audit of any previously filed quarterly returns. The records review does not result in findings or tax adjustments, nor are the periods included in the review excluded from a future audit. Should the records review disclose any errors, we will recommend you correct them so that future reporting will be more accurate.

If you would like us to conduct a records review to help you comply with IFTA recordkeeping requirements, please email us at [MotorCarrierOfficeInquiries@cdtfa.ca.gov](mailto:MotorCarrierOfficeInquiries@cdtfa.ca.gov), or call us at 1-800-400-7115 (CRS:711). Customer service representatives are available Monday through Friday from 7:30 a.m. to 5:00 p.m. (Pacific time), except state holidays.



## Rate Increase for Oil Spill Prevention and Administration Fee

Beginning July 1, 2023, and every July 1 thereafter, the Department of Fish and Wildlife is required to adjust the Oil Spill Prevention and Administration (OSPA) fee based on changes in the California Consumer Price Index. The OSPA fee rate will increase from eight and one-half cents (\$0.085) per barrel to nine and one-tenth cents (\$0.091) per barrel effective July 1, 2023, through June 30, 2024.

For more information, please see our special notice, *Oil Spill Prevention and Administration Fee: Rate Increase Effective July 1, 2023*, at [www.cdtfa.ca.gov/formspubs/L901.pdf](http://www.cdtfa.ca.gov/formspubs/L901.pdf). Current and historical OSPA fee rates are posted on the *Tax Rates—Special Taxes and Fees* webpage, under the *Oil Spill Response, Prevention, and Administration Fees* section at [www.cdtfa.ca.gov/taxes-and-fees/tax-rates-stfd.htm](http://www.cdtfa.ca.gov/taxes-and-fees/tax-rates-stfd.htm).



### For More Information

All telephone numbers are toll-free.

#### Internet

[www.cdtfa.ca.gov](http://www.cdtfa.ca.gov)  
[www.taxes.ca.gov](http://www.taxes.ca.gov)

#### Customer Service Center

1-800-400-7115  
 (CRS:711)

#### Seller's Permit Verification

1-888-225-5263  
[www.cdtfa.ca.gov](http://www.cdtfa.ca.gov)

#### Taxpayers' Rights Advocate

1-888-324-2798  
[www.cdtfa.ca.gov/tra](http://www.cdtfa.ca.gov/tra)

#### Tax Evasion Hotline

1-888-334-3300

#### State Legislation

<https://leginfo.legislature.ca.gov/>

#### More Articles Available Online

There are occasions when we have more articles than we have space for in this print version of the *Tax Information Bulletin*. The additional articles are available online at [www.cdtfa.ca.gov/taxes-and-fees/tax-bulletins.htm](http://www.cdtfa.ca.gov/taxes-and-fees/tax-bulletins.htm).

#### New and Revised Publications Available Online

For new and revised publications, see our website at [www.cdtfa.ca.gov/formspubs/pubs.htm](http://www.cdtfa.ca.gov/formspubs/pubs.htm).

Thank you for connecting with us.

