



TAX INFORMATION BULLETIN

Publication 388 | March 2024 | www.cdtfa.ca.gov

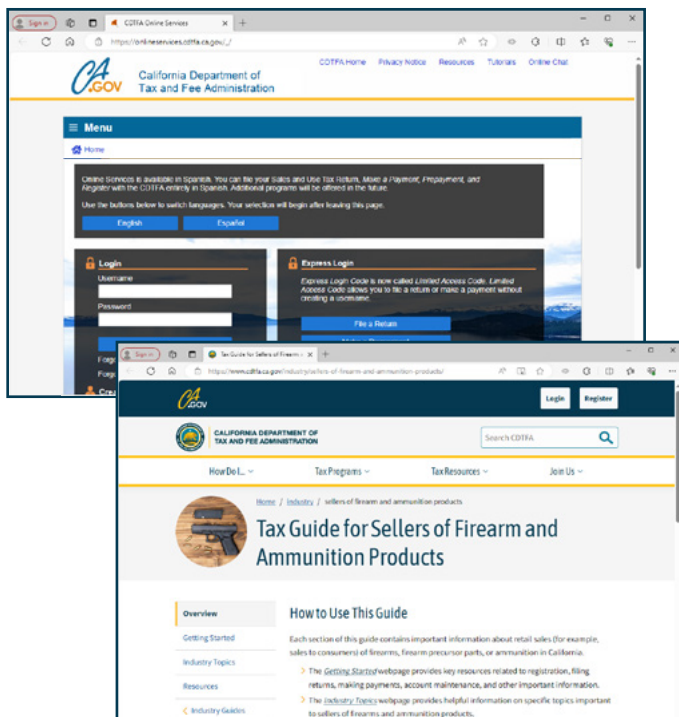
Firearm and Ammunition Excise Tax

New program for firearms dealers, ammunition vendors, and firearms manufacturers

Beginning July 1, 2024, licensed firearms dealers, ammunition vendors, and firearm manufacturers are required to register for a Firearm and Ammunition Excise Tax (FET) Certificate of Registration with us and pay an excise tax of 11 percent of the gross receipts from the retail sales of any firearms, firearm precursor parts, or ammunition in California ([Assembly Bill 28 \[Stats. 2023, ch. 231\]](#)).

If you plan to make any retail sales of firearms, firearm precursor parts, or ammunition in California on or after July 1, 2024, you can register with us through our online services beginning mid-June 2024 at <https://onlineservices.cdtfa.ca.gov/>. Assistance with online registration is available by contacting our Customer Service Center at 1-800-400-7115 (TTY:711) and selecting the option for *Special Taxes and Fees*.

For more information, visit our *Tax Guide for Sellers of Firearm and Ammunition Products* at www.cdtfa.ca.gov/industry/sellers-of-firearm-and-ammunition-products/.



New Collection Authority for Certain Taxes and Fees When a Change in Ownership of a Business Occurs

Beginning January 1, 2024, we can now hold you personally liable for special tax and fee liabilities when you buy a business from a person that has tax liabilities with us. Generally, the buyer of a business (you) must withhold from your purchase price an amount sufficient to cover the seller's liabilities for tax, interest, and penalties, if any. The buyer (you) could be held personally liable for the amount that should have been withheld, but was not, from the purchase price. This is known as successor liability. See Revenue and Taxation Code [section 55191](#).

Additionally, if you sell your business, you should contact us immediately or you could also be held personally liable for the special taxes and fees owed by the new owner(s). This is referred to as predecessor liability.

This new collection authority includes, but is not limited to, the following special tax and fee programs:

- Lead-Acid Battery Fees
- California Tire Fee
- Electronic Cigarette Excise Tax
- Cannabis Excise Tax
- Covered Electronic Waste Recycling Fee
- Lumber Products Assessment

You can find more information on successor liability or predecessor liability in publication 74, *Closing Out Your Account* at www.cdtfa.ca.gov/formspubs/pub74.pdf and in Regulation 1702 at www.cdtfa.ca.gov/lawguides/vol1/sutr/1702.html.

District Tax Extended in City of Stockton Effective April 1, 2024

In December 2023, the Stockton City Council adopted an ordinance to extend the 0.75 percent transaction (sales) and use tax that was set to expire on March 31, 2024. The approval of the ordinance extends the tax for an additional ten years to March 31, 2034. Therefore, there will be no change to the City of Stockton Transactions (Sales) and Use Tax rate of 0.75 percent. For more information, see special notice L-929, *District Tax Extended in San Joaquin County Effective April 1, 2024*, at www.cdtfa.ca.gov/formspubs/l929.pdf.

New Local Charge Rate for San Francisco Retail Sales of Prepaid Mobile Telephony Services Effective April 1, 2024

Sellers of prepaid mobile telephony services (MTS), such as prepaid minutes and airtime, have certain surcharge and local charge collection requirements. Beginning April 1, 2024, the new local charge rate for retail sales of MTS for the city and county of San Francisco is increasing from 15.40 percent to 15.80 percent. Sellers are required to collect, report, and pay local charges on their retail sales of prepaid MTS. You may find the applicable local charge rates for each city and county on our *911 Surcharge, 988 Surcharge, and Local Charge Rates* webpage at www.cdtfa.ca.gov/taxes-and-fees/mts.htm.

For the latest information about local charge collection requirements and the 911 and 988 surcharges, see our *Tax Guide for Prepaid Mobile Telephony Services (MTS) and Telecommunication Service Suppliers* at www.cdtfa.ca.gov/industry/seller-servicesupplier.htm.

New Tax Guide for Event Planners

We recently created a *Tax Guide for Event Planners*. This new industry guide will help event planners better understand how tax applies to their business by addressing common topics and special scenarios that relate to the event planning industry.

Our complete list of *Industry & Tax and Fee Guides* webpage is available at www.cdtfa.ca.gov/industry/. We regularly update these guides to ensure information is current. If you have any suggestions for improving the guides, email us at AIS.IndustryGuides@cdtfa.ca.gov.

The Historic Venue Restoration and Resiliency Act

Beginning January 1, 2024, [Senate Bill 96 \(Stats. 2023, ch. 595\)](#) (Revenue and Taxation Code [section 7103](#)) requires retailers who make taxable sales during a qualified event at a California confirmed historic venue to separately state the amount of those taxable sales on their sales and use tax return. The impacted counties are Los Angeles, Alameda, and Santa Clara, and the confirmed historic venues are:

- California Memorial Stadium at UC Berkeley,
- Hollywood Bowl,
- Los Angeles Memorial Coliseum,
- Rose Bowl Stadium, and
- San Jose State University Spartan/CEFCU Stadium

We added a new return line and created Schedule HV—*Historic Venue Allocation* to report total taxable sales made on or within the real property of a confirmed historic venue during a qualified event. A qualified event includes any live event at a confirmed historic venue to which tickets are offered for public sale, such as sporting events, concerts, festivals, flea markets, and cultural events. We will use the reported information for allocation and informational purposes only. There will be no additional taxes or fees due on these sales.

For more information, visit *Historic Venues* on our website at www.cdtfa.ca.gov/industry/historic-venue.htm.



CIGARETTE AND TOBACCO PRODUCTS TAX

What to know about your cigarette and tobacco products inspection

Do you sell cigarette and tobacco products? To help you prepare and know what to expect during a routine inspection, watch our video: [What to Know About Your Cigarette and Tobacco Products Inspection](#).

We conduct routine inspections to ensure businesses are following California's laws relating to the sales of cigarettes and tobacco products and to ensure they have documented and paid all appropriate excise taxes. Our video provides helpful information on how to have a quick and successful cigarette and tobacco products inspection. To learn more about the excise taxes, licensing obligations, and common industry topics, visit our *Tax Guide for Cigarettes and Tobacco Products* at www.cdtfa.ca.gov/industry/cigarette-and-tobacco-products.htm.

Please note: Cigarette and tobacco products cannot lawfully be sold at a location that is licensed as a cannabis business. ([Business and Professions Code section 26054\(a\)](#)).

Civil penalties for cigarette and tobacco products retailers who do not comply with the flavored tobacco products ban

Beginning January 1, 2024, we will suspend or revoke a cigarette and tobacco products retailer license and assess a \$250 fine if we receive notification from the California Department of Public Health indicating that a retailer has committed a third, fourth, or fifth flavored tobacco products ban violation ([Assembly Bill 935 \[Stats. 2023, ch. 351\]](#)).



CANNABIS TAXES

Gross receipts from sales of cannabis and cannabis products

[Regulation 3802](#), *Gross Receipts from Sales of Cannabis and Cannabis Products*, provides cannabis retailers additional guidance on gross receipts from sales of cannabis and cannabis products.

If you are a cannabis retailer, you are required to collect the 15 percent excise tax from your customers based on gross receipts from the retail sale of cannabis or cannabis products.

Gross receipts generally include any amount the purchaser is required to pay to purchase the cannabis or cannabis products, including, but not limited to:

- The selling price of the cannabis or cannabis products.
- Any expense imposed on you as a retailer that you pass on to your customer, such as a local cannabis business tax.
- Certain transportation fees when you deliver cannabis or cannabis products directly to your customers using your own vehicle.
- Any charge for services that are part of the sale, such as a fee you charge your customer for processing a credit card payment.
- The amount charged for any item the customer is required to purchase with the cannabis or cannabis products, including the packaging. For example:
 - The total amount charged for a cartridge and vaping device is included in gross receipts if the customer is required to purchase them both as a condition of the retail sale of the cannabis product contained in the cartridge.
 - The total amount charged for a bag, jar, or container as a condition of the retail sale of the cannabis or cannabis product.

For more information, see Regulation 3802 at www.cdtfa.ca.gov/lawguides/vol3/ctr/ctr-all.html#3802, and our *Tax Guide for Cannabis Business* under the *Tax Facts* tab at www.cdtfa.ca.gov/industry/cannabis.htm#Facts.

District tax on retail sales and deliveries of cannabis or cannabis products

District taxes are voter-approved taxes imposed by cities, counties, and other local jurisdictions and are added to the statewide base sales and use tax rate of 7.25 percent. Generally, if you are a cannabis retailer, your retail sales of cannabis or cannabis products made over the counter at your cannabis business are subject to any district sales taxes imposed in the district where the cannabis business is located. For example, if you sell in the city of X, you will collect, report, and pay the district taxes in effect in the city of X.

If you also deliver cannabis or cannabis products to your retail customers using your delivery vehicle, you are generally required to collect, report, and pay any district use tax at the rate in effect in the district where you make the delivery. For example, if you sell in the city of X and deliver to the city of Y, you will collect, report, and pay the district tax rate in the city of Y.

For more information, see our [publication 44](#), *District Taxes (Sales and Use Taxes)* at www.cdtfa.ca.gov/formspubs/pub44.pdf, and our *Tax Guide for Cannabis Businesses* under the *Tax Facts* tab at www.cdtfa.ca.gov/industry/cannabis.htm#Facts. You can find all the tax rates in California on our *California City and County Sales and Use Tax Rates* webpage at www.cdtfa.ca.gov/taxes-and-fees/rates.aspx.

We may inspect businesses that sell or store products bearing the universal cannabis symbol

Beginning January 1, 2024, we may inspect any business that sells or stores items or objects of any kind bearing the universal cannabis symbol ([Assembly Bill 1126 \[Stats. 2023, ch. 563\]](#)). The universal cannabis symbol alerts everyone that a product contains cannabis and must be on the primary panel of all cannabis or cannabis products sold in California. We will consider any item or product incorrectly bearing the universal symbol as contraband, and we will seize it (for example, unregulated cannabis sold in an unlicensed cannabis location).

For an image of the universal cannabis symbol and more information regarding misuse of the universal cannabis symbol, see special notice L-925, *New Seizure Authority for Misuse of the Universal Symbol for Cannabis and Cannabis Products* Beginning January 1, 2024, at www.cdtfa.ca.gov/formspubs/l925.pdf.



How to Compute Diesel Fuel Sales for Reporting Purposes

The selling price of diesel fuel at gas stations includes all taxes and fees. However, for diesel fuel, state excise tax is *not* subject to sales and use tax. Therefore, for reporting purposes, state excise tax must be subtracted from the diesel fuel sales, as illustrated in the following example below.

Scenario for computing diesel fuel sales for reporting purposes:

- Diesel fuel selling price at \$5.799 per gallon.
- 20,000 gallons of diesel fuel sold in 4Q-2023.
- Diesel fuel tax rate: 15.25% in 4Q-2023.
- Excise tax rate: \$0.441 per gallon in 4Q-2023.

Step 1	
Calculate diesel fuel sales for the reporting period:	
Selling price x Gallons sold	\$5.799 x 20,000
Diesel fuel sales (excise tax and sales tax included)	\$115,980
Step 2	
Calculate the excise tax amount to be subtracted:	
Gallons of diesel fuel sold x CA excise tax on diesel fuel sold	20,000 x \$0.441
CA diesel fuel excise tax rate	\$8,820
Step 3	
Subtract excise tax from diesel fuel sales:	
Diesel fuel sales (excise and sales tax included) - CA excise tax on diesel fuel sold	\$115,980 - \$8,820
Diesel fuel sales (sales tax included, net of excise tax)	\$107,160
Step 4	
Subtract sales tax from diesel fuel sales net of excise tax:	
Diesel fuel sales (sales tax included, net of excise tax) ÷ (1 + sales tax rate)	\$107,160 ÷ (1+0.1525)
Diesel fuel sales (net of excise tax and sales tax)	\$92,980*
*This is the amount that should be reported the return.	

For more information, visit the following resources:

- Sales Tax Rates for Fuels at www.cdtfa.ca.gov/taxes-and-fees/sales-tax-rates-for-fuels.htm
- Fuel Tax and Fee Guides webpage at www.cdtfa.ca.gov/taxes-and-fees/fuel-tax-and-fee-guides/
- Regulation 1598—*Motor Vehicle and Aircraft Fuels* at www.cdtfa.ca.gov/lawguides/vol1/sutr/1598.html
- Industry Guide—*Tax Guide for Gas Stations* at www.cdtfa.ca.gov/industry/gas-stations.htm#Topics

Username and Password Required to Access Online Services

On July 2, 2024, customers who currently file returns on a fiscal yearly basis (reporting period July 1 through June 30) will no longer be able to use their Limited Access Code (LAC). If you were using an LAC, you must now use a username and password to log into our online services system.

The LAC function will be removed to enhance security and your overall online customer service experience. We recommend you create your username and password prior to July 2, 2024.

For video tutorials on creating a username and password, additional LAC removal information, and frequently asked questions, visit our *Limited Access Code Removal* webpage at www.cdtfa.ca.gov/taxes-and-fees/LimitedAccessCodeRemoval.htm.

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

Know Your Rights

As a taxpayer, you have many rights under the law which include:

- Prompt, courteous, and fair treatment,
- Confidentiality,
- Information,
- A fair examination and a clear explanation of the audit process, and
- Paying no more than the correct amount you owe, or else be refunded.

Along with those rights, you have the responsibility to:

- Stay informed about tax laws and regulations that affect you and your business.
- Report and pay taxes and fees when due.
- Promptly respond to our attempts to contact you.

For more information, refer to publication 70, *Understanding Your Rights as a California Taxpayer*, at www.cdtfa.ca.gov/formspubs/pub70.pdf. You may also call the Taxpayers' Rights Advocate Office at 1-888-324-2798 if you have questions about your rights or if you are unable to resolve a problem through normal channels, such as speaking with a supervisor.

West Covina Office Moved to Diamond Bar on March 18, 2024

On March 13, 2024, we closed our West Covina Office, located at 1521 West Cameron Avenue, Suite 300, West Covina, CA 91790. On March 18, 2024, we resumed operations at our new Diamond Bar Office, located at 21680 Gateway Center Drive, Suite 200, Diamond Bar, CA 91765. You can reach our new office by telephone at 1-626-480-7200 or by sending an email to diamondbarinquiries@cdtfa.ca.gov.

Thank you for connecting with us.

