California Cannabis Taxes Flowchart Cultivation Tax With Multiple Manufacturers

Cultivator

Sells 1,440 oz. cannabis leaves and pays \$3,960 (1,440 x \$2.75) cultivation tax.



Cultivation Tax

Manufacturer 1

Collects \$3,960 cultivation tax and provides receipt.

Manufactures cannabis oil from 1,440 oz. and sells one third of the oil to three different manufacturers*.

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Manufacturer 2

Collects \$1,320 (\$3,960/3) in cultivation tax and provides receipt.

Manufactures edibles to sell to a distributor*.

Manufacturer 3

Collects \$1,320 (\$3,960/3) in cultivation tax and provides receipt.

Manufactures edibles to sell to a distributor*.

Manufacturer 4

Collects \$1,320 (\$3,960/3) in cultivation tax and provides receipt.

Manufactures vape pen cartridges to sell to a distributor*.





Distributor 1

Collects \$1,320 cultivation tax from Manufacturer 2 and \$1,320 cultivation tax from Manufacturer 3 and provides receipts.

Conducts quality assurance review and has products tested.

Reports and pays \$2,640 in cultivation tax to the CDTFA.

Distributor 2

Collects \$1,320 cultivation tax from Manufacturer 4 and provides receipt.

Conducts quality assurance review and has products tested.

Reports and pays \$1,320 in cultivation tax to the CDTFA.



CDTFA

Note: This flowchart is a basic representation for cannabis taxes and does not include all the tax obligations cannabis businesses may have. Cannabis distributors are required to hold a cannabis tax permit, file returns, and pay any cultivation tax and cannabis excise tax due to the CDTFA. All persons who sell cannabis or cannabis products, and/or other items, are required to hold a seller's permit, file returns, and pay any sales or use tax due to the CDTFA. For more information, see the Getting Started section of the *Tax Guide for Cannabis Businesses* at www.cdtfa.ca.gov/industry/cannabis.htm.

^{*}The manufacturer should provide the weight and category of the cannabis used to produce the cannabis products to the next person in the transaction in order to properly calculate the cultivation tax due.