

# CANNABIS TAX FACT

## Gross Receipts Subject to Cannabis Excise Tax

As a cannabis retailer, you are responsible for collecting the 15-percent cannabis excise tax from purchasers (customers) of cannabis or cannabis products, based on the 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 customer 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 in which the cannabis or cannabis product is contained is included in the gross receipts if the customer is required to purchase the bag, jar, or container as a condition of the retail sale of the cannabis or cannabis product.

Below is an example of how the cannabis excise tax is calculated for a cannabis product sold at retail:

Selling Price of Cannabis Product	\$35.00
Local Cannabis Business Tax <sup>1</sup> (10%)	\$ 3.50
Delivery Fee	\$ 5.00
Service Fee	<u>\$ 3.00</u>
Gross Receipts Subject to Excise Tax	\$46.50
Cannabis Excise Tax (15%)	\$ 6.98*
Gross Receipts Subject to Sales Tax	\$53.48

\*The cannabis excise tax is included in gross receipts subject to sales tax.

<sup>1</sup> We do not administer local cannabis business taxes. For questions about the application of local cannabis business taxes, you should contact your local government agency. Any cannabis business tax included on the receipt to the customer is considered part of gross receipts unless otherwise excluded (see Revenue and Taxation Code [section 6012](#)).

On December 15, 2023, the Office of Administrative Law approved Regulation 3802, *Gross Receipts from Sales of Cannabis and Cannabis Products*, which provides additional guidance on gross receipts from sales of cannabis and cannabis products. For the full text of this regulation, you may access [Regulation 3802](#) on our *Tax Guide for Cannabis Businesses* under the *Resources Tab* located at <https://www.cdtfa.ca.gov/industry/cannabis.htm>.

### **For more information**

You may find the [Retailers Tab](#) under our [Tax Guide for Cannabis Businesses](#) helpful. If you have questions regarding this notice, you may 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 to assist you Monday through Friday from 7:30 a.m. to 5:00 p.m. (Pacific time), except state holidays.