

# FIREARMS and AMMUNITION TAX FACT

## Gross Receipts Subject to Tax

As a licensed firearm dealer, ammunition vendor, or firearms manufacturer (seller) who makes retail sales of firearms, firearm precursor parts, and ammunition (firearm products) to consumers, you are responsible for reporting and paying the 11% (percent) California Firearm and Ammunition Excise Tax (CFET) to us. The tax is based on the gross receipts from your retail sales of firearm products in California. This tax is in addition to the sales tax.

Gross receipts generally include any amount your customer is required to pay to purchase firearm products, including but not limited to the following:

- Sales price of a firearm product
- Merchant credit card fees
- Discretionary fees
- Shipping charges related to transferring firearm products to the delivering California licensed firearms dealer or ammunition vendor
- Fabrication labor charges, such as the labor included in custom builds (For general information on labor charges, view our [publication 108, Labor Charges.](#))

### Gross receipts do not include the following fees:

- Sales tax and CFET reimbursement
- Dealer Record of Sale (DROS) fee
- Firearm Safety Act fee
- Safety and Enforcement fee

### Below is an example of how the CFET and sales tax is calculated:

Selling price of a firearm	\$500.00
Discretionary fee	\$60.00
DROS fee	\$31.19
Firearm Safety Act fee	\$1.00
Safety and Enforcement fee	\$5.00
Merchant credit card fee	\$10.00
<b>Total sale amount</b>	<b>\$607.19</b>
<b>CFET gross receipts</b>	<b>\$570.00</b>
(\$500 + \$60 + \$10)	
CFET due (11% x \$570)	\$ 62.70
<b>Sales tax gross receipts</b>	<b>\$570.00</b>
(\$500 + \$60 + \$10)	
Sales tax due (8.5%* x \$570)	\$48.45

\*An 8.5% sales and use tax rate is used for demonstration only.

# FIREARMS and AMMUNITION TAX FACT

## Gifts, Raffles, and Promotional Offers

### **Firearm products purchased for donation as gifts or raffles:**

As a seller of firearm products, you should not issue a resale certificate for sales and use tax purposes when you purchase firearm products that you intend to donate or give away. You are considered the consumer of the firearm products you donate or give away and should pay the sales tax on your purchase price.

The licensee that sold you the firearm products will generally be considered the retailer in this situation and will owe the California Firearm and Ammunition Excise Tax (CFET) on its retail sale to you.

### **Transfers of gifted or awarded firearm products:**

Firearm products provided as gifts, awards, or raffles are not retail sale transactions, and the person providing the gift, award, or raffle is not subject to the CFET.

### **Promotional offers:**

The total retail sales price of the promotional offer is included in the measure of gross receipts and is subject to the CFET and sales tax. For example, a seller offers customers a “buy one box of ammunition for \$50 and get a second box for free.” The amount included in the gross receipts subject to the CFET and sales tax is \$50.

### **For more information:**

Please visit our online *Tax Guide for Sellers of Firearm and Ammunition Products* at [www.cdtfa.ca.gov/industry/sellers-of-firearm-and-ammunition-products](http://www.cdtfa.ca.gov/industry/sellers-of-firearm-and-ammunition-products) or call our Customer Service Center at 1-800-400-7115 (TTY:711) and 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.