CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

TAX INFORMATION BULLETIN

Publication 388 | December 2025 | *www.cdtfa.ca.gov*

New Ways to Stay Informed

Introducing the enhanced *Tax Information Bulletin*
This issue of the *Tax Information Bulletin* is the first time we've combined the annual *Special Taxes and Fees Newsletter* into the existing *Tax Information Bulletin (issued quarterly*). Now with just one digital publication you can receive updates on sales and use tax, special tax and fee programs, and other helpful information.

If you previously subscribed to the *Special Taxes and Fees Newsletter*, you've been automatically added to the *Tax Information Bulletin* email list. Past issues of the *Special Taxes and Fees Newsletter* are available for reference.

Stay updated on our Audit and Compliance Manual revisions
You can now sign up to be notified of proposed changes to our Audit and Compliance Manuals. To receive these updates by email, go to *Sign Up for CDTFA Email Lists* and select *Announcement of Proposed Manual Change*.

New Covered Battery-Embedded Waste Recycling Fee Began January 1, 2026

Beginning January 1, 2026, retailers of covered battery-embedded (CBE) products are required to register with us and collect a new CBE waste recycling fee on the retail sale or lease of certain new or refurbished CBE products.

What is a CBE product?
A CBE product contains a battery that is not designed to be easily removed from the product by the user with no more than commonly used household tools. An example of a CBE product may be a smartphone from which the battery is not designed to be easily removed by the user. Manufacturers are responsible for making determinations regarding which of their products fall within the definition of a CBE product. Retailers may consult with their manufacturer regarding specific products that meet the statutory definition of a CBE product. To learn more about manufacturer responsibilities, visit the Department of Resources Recycling and Recovery's (CalRecycle) *Manufacturer Information* webpage.

What is the tax rate?
The current CBE Waste Recycling Fee rate is 1.5 percent of the retail sales price for each CBE product sold or leased for use in California and should not exceed $15 per product.

CalRecycle annually determines the rate by October 1, to be effective the following January 1 to December 31. For more information about the CBE Waste Recycling Fee rate, see Regulation 18660.40.

Filing due date and requirements
Retailers and manufacturers of CBE products are required to file quarterly CBE Waste Recycling Fee returns through our Online Services system and pay the fee due. Your first return, which is for the reporting period January 1, 2026, through March 31, 2026, will be due on April 30, 2026.

You may visit our Online Services webpage to register for a CBE Waste Recycling Fee account. Additionally, if you do not currently have a seller's permit, you must register for one with us. This can also be done through our Online Services.

For more information about the CBE Waste Recycling Fee program, visit our *Covered Electronic Waste Recycling Fee Guide*.

Cannabis and Synthetic Cannabinoid Products are Subject to Seizure at Cigarette or Tobacco Businesses

Beginning January 1, 2026, the Cigarette and Tobacco Products Licensing Act prohibits businesses in California from possessing, storing, owning, or making a retail sale of the products listed below at any site where cigarettes or tobacco products are sold or stored.[1] We are authorized to seize these products at the business location upon discovery:

- **Cannabis and cannabis products**
- **Products presumed to be cannabis products**, which are products that contain or claim to contain a cannabinoid, including a synthetic cannabinoid, regardless of the nature or source of the cannabinoid:

[1] Business and Professions Code section 22980.6.

- o **Gummies** containing synthetic cannabinoids, such as synthetic delta-8 tetrahydrocannabinol (THC) or any form of THC that was produced by the conversion of cannabidiol (CBD)
- o **Other cannabis products** such as **creams, dust, or crystals**
- o **Edibles and vape products** containing Tetrahydrocannabinolic acid (THCA), Hexahydrocannabinol (HHC), Tetrahydrocannabinol-O-acetate (THC-O), or Tetrahydrocannabiphorol (THC-P)

Any person who violates this new law is subject to civil penalties and suspension and revocation of their cigarette and tobacco products license. For more information, see our special notice L-1005, *Cigarette and Tobacco Businesses: Cannabis and Synthetic Cannabinoid Products Subject to Seizure and Penalties*.

Sales and Use Tax Rate Increase for the City of Culver City Now in Effect

A district tax rate increase for the city of Culver City took effect on January 1, 2026, and may impact taxpayers and businesses.

The table below reflects the district tax rate change for the city of Culver City.

City	County	Old Code	New Code	Old Rate	New Rate
Culver City	Los Angeles	B64	D16	10.50%	10.75%

For details on the new tax rate, see our special notice L-1007, *New Sales and Use Tax Rates for the City of Culver City Effective January 1, 2026.*

2026 Occupational Lead Poisoning Prevention Fee Rates

New Occupational Lead Poisoning Prevention Fee rates are now in effect for the period of January 1, 2026, through December 31, 2026. We are required to adjust the fee rates annually to reflect increases or decreases in the cost of living during the prior fiscal year, as measured by the Consumer Price Index issued by the California Department of Industrial Relations.

Occupational Lead Poisoning Prevention Fee Rates Effective 1/1/2026 through 12/31/2026	
Number of Employees	**2026 Fee Rates**
Category A*	
10 to 99	$453
100 to 499	$908
500 or more	$2,266
Category B**	
10 to 99	$650
100 to 499	$1,812
500 or more	$5,190

* *Category A applies to businesses in a Standard Industrial Classification (SIC) code that had fewer than 20 reported cases of people with elevated blood lead levels.*

***Category B applies to businesses in a SIC code that had 20 or more reported cases.*

For more information on the Occupational Lead Poisoning Prevention Fee, see our *Occupational Lead Poisoning Prevention Fee Guide*.

Energy Resources (Electrical Energy) Surcharge

The California Energy Commission (CEC) set the electrical energy surcharge rate for the 2026 calendar year to remain at three-tenths mill ($.0003) per kilowatt-hour. This rate is currently in effect. The CEC determines the electrical energy surcharge rate each November for the following calendar year. The electrical energy surcharge is imposed upon electrical energy consumed in California that is purchased from an electrical utility.

For more information about the electrical energy surcharge, see our *Tax Guide for Energy Resources (Electrical Energy) Surcharge*. We will send a special notice in the future when the rate changes.

2026 Emergency Telephone Users Surcharge Rates

For calendar year 2026, the 911 Surcharge rate will remain at 41 cents per access line, and the 988 Surcharge rate will decrease from 8 cents to 5 cents per access line. These rates are determined by the California Governor's Office of Emergency Services (Cal OES).[2]

For more information, see our special notice L-1012, *2026 Emergency Telephone Users Surcharge Rates (911 and 988 Surcharges)*.

For the current and prior 911 and 988 Surcharge rates, see our *Tax Rates—Special Taxes and Fees* webpage under *Emergency Telephone Users Surcharge—911 Surcharge and 988 Surcharge* heading.

Covered Electronic Waste Recycling Fee Rates

The Covered Electronic Waste Recycling Fee (eWaste fee) for video display devices remains the same for calendar year 2026. The current fee rates are in effect through December 31, 2026. The eWaste fee rates are:

SCREEN SIZE MEASURED DIAGONALLY	CURRENT RATE
More than 4 inches, less than 15 inches	$4.00
15 inches or more, less than 35 inches	$5.00
35 inches or more	$6.00

For more information about the eWaste program, see our *Covered Electronic Waste Recycling Fee Guide*.

[2] Revenue and Taxation Code section 41030.

Cannabis Vendor Compensation Program Ended December 31, 2025

The Cannabis Vendor Compensation Program, which allowed eligible cannabis retailers to retain 20 percent of the cannabis excise tax due on their retail sales of cannabis or cannabis products, ended on December 31, 2025. Therefore, vendor compensation can no longer be retained, and the total excise tax due must be paid to CDTFA.

For more information, see our special notice L-998, *Vendor Compensation Ending December 31, 2025*.

2025-26 Hazardous Waste Fee Rates and Upcoming Due Date Reminders

2025-26 Hazardous Waste Fee rates
The Board of Environmental Safety, the oversight board of the Department of Toxic Substances Control, determines the fee rates for the Environmental Fee, Hazardous Waste Facility Fee, and Hazardous Waste Generation and Handling Fee by October 1 of each year. For the current fee rates for the three hazardous waste fees, visit our *Tax Rates—Special Taxes and Fees, Hazardous Substance Taxes* webpage.

Online filing requirements
Online filing is required for all hazardous waste fee program returns and prepayments.

To file your return, log in to our Online Services system with a username and password. For assistance creating a username and password and filing online, please view our video tutorials or call 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.

Upcoming due date reminders

Final payment and return due dates are as follows:
Environmental Fee—Calendar Year 2025:

- Return and final payment—Due March 2, 2026.*

Facility Fee (includes Transportable Treatment Units facility permit types)—Fiscal Year 2025-26 (July 1, 2025–June 30, 2026):

- Return and final payment—Due March 2, 2026.* The payment is the remaining 50 percent of the fee due for the year.

Generation and Handling Fee—Fiscal Year 2025-26 (July 1, 2025—June 30, 2026). You will report the fee based on the hazardous waste tons you generated in **calendar year 2024**:

- Return and final payment—Due on March 2, 2026.* The payment is the remaining 50 percent of the fee due for hazardous waste generated in calendar year 2024.

**Returns and payments must be received or postmarked by the due date to be considered timely. If the due date falls on a Saturday, Sunday, or state holiday, we will consider payments postmarked or received by the next business day timely.*

Generation and Handling Fee reminder
Escalating penalties apply to any late-filed Generational and Handling Fee return and any late payment or prepayment.

Additionally, a 300 percent penalty applies if we determine that you willfully or knowingly provided incorrect information or withheld information on your return that resulted in no payment or underpayment of the Generation and Handling Fee.

Please see our special notices listed below for additional information.

- L-1001, *Environmental Fee Rates for 2025-2026 and Filing Reminder*
- L-1002, *2025-2026 Hazardous Waste Generation and Handling Fee Rate and Important Reminders*
- L-1003, *Hazardous Waste Facility Fee Rates for 2025-2026 and Upcoming Due Date Reminder*

Diesel Fuel and Use Fuel Taxes: California Counties May Now Qualify as an Exempt Bus Operator

Beginning January 1, 2026, counties that own and operate a local transit system may now register with us as an exempt bus operator and pay a specified rate for each gallon of fuel used in an exempt bus operation.[3]

An exempt bus operator includes any person who owns, operates, or controls an exempt bus operation, like a local transit district system. A qualified bus operation is exempt from paying the diesel and use fuel taxes but is required to pay one cent ($0.01) for each gallon of fuel used in an exempt bus operation.

For the privilege of operating buses on state highways and freeways, exempt bus operators must make a payment equal to one cent ($0.01) for each gallon of the refunded or exempt diesel fuel or use fuel used in exempt bus operations in California. Additionally, exempt bus operators must pay the current diesel fuel tax rate and use fuel tax rate for all fuel purchased without tax and used on highways in nonexempt bus operations in California.

[3] Revenue and Taxation Code (RTC) section 60039, RTC section 8655, and Senate Bill 359 (Stats. 2025, ch. 217).

For more information, see our special notice L-1008, *Diesel Fuel and Use Fuel Taxes: California Counties May Now Qualify as an Exempt Bus Operator*.

New Tax Guide for Membership Fees

We recently created a new tax guide, *Tax Guide for Membership Fees*. This new guide provides examples that will help you better understand how tax applies to charges for membership fees.

We regularly update these guides to ensure information is current. You can find a complete list of guides on our *Industry & Tax and Fee Guides* webpage. If you have any suggestions for improving the guides, email us at *AIS.IndustryGuides@cdtfa.ca.gov.*

Partial Sales and Use Tax Exemption for Zero-Emission Technology Transit Buses Ends on December 31, 2025

The partial sales and use tax exemption provided by Revenue and Taxation Code section 6377 for the sale to or purchase by qualifying purchasers of eligible zero-emission technology transit buses ends on December 31, 2025. The sale or purchase of such buses will be subject to the full sales and use tax rate beginning on January 1, 2026.

For more information, see our special notice L-1014, *Partial Sales and Use Tax Exemption for Zero-Emission Technology Transit Buses Ends on December 31, 2025*.

Alcoholic Beverage Tax—Upcoming Changes for Craft Distillers

For calendar year 2026, a new Type 94 Direct Shipper permit, issued by the Department of Alcoholic Beverage Control (ABC), will be required for California craft distillers or qualifying out-of-state distillers to ship spirits they manufacture or produce directly to California consumers.

To learn more about the Type 94 Direct Shipper permit, visit ABC's Type 94 Direct Shipper permit webpage.

Craft distillers required to obtain a Type 94 Direct Shipper permit must first register with ABC. They must then register with us for a distilled spirits excise tax account and a seller's permit. Once registered, you are required to file tax returns and pay both the alcoholic beverage excise tax and sales tax based on your sales to California consumers. To begin, visit our Online Services webpage to register.

For additional information about the alcoholic beverage tax, see our *Tax Guide for Alcoholic Beverage Tax* and *Tax Guide for Distillers and Distributors of Distilled Spirits*.

Collection of Local Charges Extended through December 31, 2030

The sunset date for the Local Prepaid Mobile Telephony Services Collection Act has been extended by recent legislation.[4] Sellers of prepaid mobile telephony services (MTS) making sales to California purchasers, either online or at a retail location, must continue to collect applicable local charges if in the prior calendar year their sales of prepaid MTS were $15,000 or more through December 31, 2030. In addition, sellers will continue to be required to collect the 911 Surcharge and the 988 Surcharge, regardless of the amount of sales made.

For more information about the 911 Surcharge, 988 Surcharge, and local charges, see our special notice L-1013, *Collection of Local Charges Extended Through December 31, 2030*, and our *Tax Guide for Sellers of Prepaid Mobile Telephony Services (MTS) and Telecommunication Service Suppliers*.

[4] Assembly Bill 330 (Stats. 2025, ch, 553).

Schedule Enhancements Now Live!

We're pleased to share that enhancements to the Sales and Use Tax Return's Schedule A—District Tax Allocation are now live in Online Services. These updates are designed to improve your experience and make tax filing more efficient.

What's new?
You can now search district tax rates by city directly within Schedule A. You can also access current and historical tax rates and find guidance about state rates and district adjustments

New Sales and Use Tax Quarterly Prepayment Page

For information about filing on a quarterly prepayment basis, due dates, how much to prepay, and other prepayment instructions, see our new *Online Services Prepayment* webpage.

Tax Education

Understanding tax requirements can help you stay compliant and avoid common filing errors. Our *Tax Education* webpage offers a variety of helpful resources to guide you. Whether you're a new business owner or an experienced taxpayer, you will find valuable information, including free webinars and workshops, self-paced instruction videos (with many videos available in Spanish), printable publications, guides, and more. Take advantage of these tools to stay informed and confidently manage your tax obligations.

Employment Development Department

New Reporting Requirement for Motion Picture Payroll Services Companies Begins January 2026

Beginning January 2026, motion picture payroll services companies must file a report of payments to loan-out companies with the Employment Development Department each quarter. This new requirement stems from Senate Bill 422, which recognized the role of loan-out companies and clarified their obligations to remit employment taxes under sections 679 and 1088.9 of the California Unemployment Insurance Code. For more information, visit the Employment Development Department's website.

California Personal Income Tax (PIT) Deposit Threshold for 2026

Beginning January 1, 2026, the California Personal Income Tax deposit threshold will be $400 for next-day and semi-weekly deposits. The Personal Income Tax deposit threshold is used in conjunction with your federal deposit schedule to determine when your DE-88, *Payroll Tax Deposits*, are due, based on the amount of accumulated Personal Income Tax withheld. The Personal Income Tax deposit threshold is calculated each year based on the provisions of the California Unemployment Insurance Code. For more information, visit the Employment Development Department's website.

Thank you for connecting with us.