



TAX INFORMATION BULLETIN

Publication 388 | March 2025 | www.cdtfa.ca.gov

New Sales and Use Tax Rates Effective April 1, 2025

Starting April 1, 2025, new district tax rate changes may impact you or your business. For details on the new tax rates, please see our special notice, [New Sales and Use Tax Rates Effective April 1, 2025](#).

For additional information about these tax rate changes, please see our [Explanation of Tax Rate Changes Operative April 1, 2025](#).



Tax Relief for Businesses Impacted by the Los Angeles Wildfires—Returns and Payments Due

Governor Newsom issued a state of emergency proclamation for Los Angeles County due to the Los Angeles wildfires. As a result, we automatically extended the return filing and payment deadlines for sales and use tax, and most of the other tax and fees we administer, by three months for taxpayers in Los Angeles County that reported less than \$1 million in tax on their prior return. For example, sales and use tax returns that were originally due by January 31, 2025, are now due by April 30, 2025. Interest and penalties will not accrue on return amounts due for these taxpayers, provided payments are made and returns are filed by the extended due date. As a reminder, taxpayers that received an extension may now have two returns due on the same date in April. Return due dates can be viewed by logging into our online services system. Impacted taxpayers who did not receive an automatic extension may request relief from interest and penalties. Additional information on disaster relief is available on our [State of Emergency Tax Relief](#) webpage.



California Firearm and Ammunition Excise Tax

Reminder to file and pay

Retailers of firearms, firearm precursor parts, or ammunition (firearm products) are required to file a *California Firearm and Ammunition Excise Tax Return* quarterly through our [online services](#) system and pay the California Firearm and Ammunition Excise Tax (CFET) due. This is in addition to reporting and paying sales and use tax.

For tax purposes, a sale occurs when either the transfer of title or possession of tangible personal property (firearm product) takes place, whichever comes first, in exchange for consideration (payment). If the payment and transfer of possession occur in different reporting periods, you must report the gross receipts for both sales and use tax and CFET purposes in the period during which the customer took possession of the firearm product.

Filing deadlines: Returns and payments are due the last day of the month following the reporting quarter.

For example:

- The first quarter of 2025 covers the reporting period from January 1, 2025, through March 31, 2025.
- The tax return and payment for this period will be due April 30, 2025.

Out-of-state retailers

When a California Firearms Dealer (CFD) or ammunition vendor completes the registration, transfers paperwork, and delivers a firearms product to a California purchaser on behalf of either an out-of-state private party or an out-of-state Federal Firearms License retailer who is not engaged in business in this state, the CFD is presumed to be the retailer of the firearm product.

Continued on page 2

California Firearm and Ammunition Excise Tax

Continued from page 1

The CFD generally owes the sales tax and CFET on the total amount of the retail selling price, including any service charge, shipping, handling, or discretionary transfer fees. The state fees that are imposed upon the California purchaser, such as the Dealer Record of Sale Fee, Firearms Safety Fee, and Safety and Enforcement Fee, are excluded.

The CFD should obtain a copy of the sales contract or invoice from the out-of-state seller or the California purchaser to determine the proper amount of taxes due on the sale.

Exemptions

Sales of firearm products to the U.S. government or made in interstate or foreign commerce are generally exempt from sales and use tax and are not subject to CFET.

CFET provides the following two exemptions:

- Sales of firearm products to any active or retired peace officer or any law enforcement agency employing peace officers are exempt from CFET. Please use [CDTFA-230-FET, California Firearm and Ammunition Excise Tax Exemption Certificate for Peace Officers and Law Enforcement Agencies](#), to document firearm product exempt sales.
- Gross receipts from the retail sale of firearm products totaling less than \$5,000 in any quarter are exempt from CFET. If you collected CFET reimbursement on retail sales exempt from CFET, you must either refund the excess CFET reimbursement to the purchaser or report and pay the excess tax reimbursement collected to us.

Use of a resale certificate

A valid sale for resale is not subject to sales and use tax or CFET. You should only issue a resale certificate to purchase items without paying sales tax reimbursement if you plan to resell them. If you use an item from the inventory you purchased with a resale certificate, you must pay use tax based on the cost of the product at the time of your purchase.

It is improper to issue a resale certificate if you do not intend to resell the item. If you knowingly issue a resale certificate to purchase items you do not intend to resell in the regular course of your business, you will owe the sales tax that would have been due at the time of purchase plus penalties and interest, and we may revoke your seller's permit. Penalties include fines and charges for misuse of a resale certificate. For more information, please see [publication 75, Interest, Penalties, and Collection Cost Recovery Fee](#).

The sale of a firearm product to a retailer who plans to give away or donate the firearm product may be a retail sale subject to CFET.

For more information, please read our [Tax Guide for Sellers of Firearm and Ammunition Products](#) which includes [California Firearm and Ammunition Excise Tax Frequently Asked Questions](#).

Cigarette and Tobacco Products Licensing

We may seize flavored cigarettes, flavored tobacco products, and tobacco product flavor enhancers from retailers and wholesalers

We may seize flavored cigarettes, flavored tobacco products, and tobacco product flavor enhancers from retailers and wholesalers who possess, store, own, or have sold such products. Upon a seizure, we will impose a civil penalty of \$50 per individual package of product seized and will take the following action against the cigarette and tobacco products license:

Retailers/Wholesalers

- First seizure: No action taken on license.
- Second seizure: License suspended.
- Third seizure: License revoked.

Also, distributors and wholesalers may not sell flavored cigarettes, flavored tobacco products, or any tobacco product flavor enhancers to any retailer, wholesaler, or other person in California. We will take the following actions against the distributor, wholesaler, or delivery seller's cigarette and tobacco products license when we discover such sales:

- First offense: Notice of violation provided to licensee.
- Second offense: License suspended.
- Third offense: License revoked.

For more information, see our special notice [Flavored Cigarettes, Tobacco Products, and Tobacco Product Flavor Enhancers Are Subject to Seizure](#).



California Electronic Cigarette Excise Tax (CECET) Reminders

If you are a retailer selling electronic cigarettes containing or sold with nicotine, you must:

- Be registered with a CECET permit (account),
- Include the CECET amount in any price marketing on any sign or display,
- Collect CECET from your customers at the rate of 12.5 percent of the retail selling price of electronic cigarettes containing or sold with nicotine,
- Provide your customer with a receipt or other document that separately states the CECET and the amount they paid on each electronic cigarette retail sale,
- File a quarterly CECET return electronically, and
- Pay the CECET to us by the [due date](#).

For more information, see [Tax Guide for California Electronic Cigarette Excise Tax](#).



Cigarette and Tobacco Products Tax

Distributor reporting requirements for exempt transactions

If you are a California licensed Tobacco Products Distributor, all tobacco products that are purchased without tax and sold or removed from inventory must be reported on your *Tobacco Products Distributor Tax Return*. You can then claim a credit for the exempt transactions following the reporting requirements below.

- All distributions, including exempt sales interstate or foreign commerce, sales to interstate or foreign passenger common carriers, or other exemption transactions, must be reported in the *Wholesale Cost of Tobacco Products Distributed* line under the *Transactions* section on your *Tobacco Products Distributor Tax Return*. For more information, see our [Online Filing Instructions](#).
- The total wholesale cost of tobacco products (OTP) that were distributed to purchasers in other states, territories, or foreign countries by delivery outside California and not returned to California before use, and other categories of exempt transactions, must be claimed on the *Interstate or Foreign Commerce, Interstate or Foreign Passenger Common Carriers, or Other Exemptions* corresponding lines on your *Tobacco Excise Tax Return*. For more information, see our [Online Filing Instructions](#).
- You should keep the following:
 - Sales invoices that show the buyer of the tobacco products that were sold by you as the distributor.
 - Documentation that itemizes the original wholesale cost of the tobacco products that were purchased without tax and included in the claimed exemptions.
 - Shipping documents that show receipt of the tobacco products by the recipient. Tracking numbers are only valid for a short period of time and therefore should not be relied upon for proof of delivery.

For more details on the types of documentation that are required to support your claimed exemptions, see [Regulation 4080](#), *Interstate and Foreign Commerce*.

For more information, see our [Tax Guide for Cigarettes and Tobacco Products](#). You can also download [publication 93](#), *Cigarette and Tobacco Products Taxes*, for a detailed list of exempt transactions that may not be subject to tax.

Stop Tobacco Access to Kids Enforcement (STAKE) Act

The minimum age in California to buy tobacco products is 21 years old ([Stop Tobacco Access to Kids Enforcement \[STAKE\] Act](#)). If you are a retail store owner or manager of cigarettes and tobacco products, it is your job to make sure all cigarettes and tobacco products, including electronic cigarettes (eCigarettes), are sold only to people 21 years of age and older. Federal regulations require every clerk to check the I.D. of every customer attempting to buy *any* type of cigarettes and tobacco products who appears to be under the age of 30 years to verify they are 21 years of age or older. California law also prohibits the retail sale of most flavored cigarettes and tobacco products, including flavored eCigarettes and menthol cigarettes, as well as tobacco product flavor enhancers. For more information, see Health and Safety Code [section 104559.5](#).

Cigarette and tobacco store owners selling any type of cigarettes or tobacco, flavored or unflavored, to people under 21 years of age face fines from \$1,000 to \$20,000. Store owners (or their employees) caught selling any type of cigarettes and tobacco products to anyone under 21 years of age risk losing their tobacco retailer license. It is the store owner's job to train your employees to check the age of each customer for every cigarette and tobacco product sale. Free training materials, such as videos and frequently asked questions, are available at the [California Department of Public Health's Tobacco Retailer Resources](#) website. Order free STAKE Act age-of-sale warning signs by calling 1-800-258-9090.

The [California Department of Public Health](#), Food and Drug Branch, has the primary responsibility to enforce California's minimum age of tobacco sales law. Visit their [California Tobacco Control Branch](#) website for STAKE Act questions and contact information.

For information about cigarette and tobacco products excise taxes, licensing obligations, and common industry topics, see our [Tax Guide for Cigarettes and Tobacco Products](#).





New Local Charge Rate for San Francisco Retail Sales of Prepaid Mobile Telephony Services Effective April 1, 2025

Sellers of prepaid mobile telephony services (MTS), such as prepaid minutes and airtime, have certain surcharge and local charge collection requirements. Starting April 1, 2025, the new local charge rate for retail sales of MTS for the city and county of San Francisco increased from 15.80 percent to 16.02 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. 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](#).

For more information, see our special notice, [New Local Charge Rate for San Francisco Retail Sales of Prepaid Mobile Telephony Services \(MTS\) Effective April 1, 2025](#).



2025 U.S. Jurisdiction Interest Rate Change for IFTA

Effective January 1, 2025, through December 31, 2025, the U.S. jurisdiction interest rate for calendar year 2025 decreased from 10 to 9 percent. This rate is used to calculate jurisdictional interest on the International Fuel Tax Agreement (IFTA) tax return schedule and for IFTA refunds issued after 90 days. Below is the monthly factor applied to each month or fraction of a month that the tax payment is overdue or a refund is owed:

Period Beginning-Ending	"Debit" Rate for Deficiencies	"Credit" Rate for Refunds	Monthly Factor
01/01/25-12/31/25	9%	9%	.007500/.007500

For more information regarding the IFTA Annual Interest Rate, please visit the [IFTA, Inc.](#) website.



Covered Electronic Waste Recycling Fee

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

The Electronic Waste Recycling Act of 2003 was amended to add a covered battery-embedded (CBE) products waste recycling fee ([SB 1215 \[Stats. 2022, ch. 370\]](#)). Beginning January 1, 2026, consumers will pay a CBE waste recycling fee upon purchase of a new or refurbished CBE product. On or before October 1, 2025, CalRecycle will establish the rate for the CBE waste recycling fee that will be effective January 1, 2026. The revenue from this fee will go to the Covered Electronic Waste Recycling Program which provides convenient recycling of unwanted electronic devices.

A CBE product is a product that contains a battery that is not designed to be easily removed by the user with no more than commonly used household tools. The following products are excluded:

- Covered electronic devices subject to the covered electronic waste recycling fee
- Certain medical devices, as specified in Public Resources Code (PRC) section 42463(f)(2)(A)
- Certain energy storage systems, as specified in PRC section 42463(f)(2)(C)
- Electronic nicotine delivery systems, as specified in PRC section 42463(f)(2)(D)

CalRecycle determines if a product meets the definition of a covered battery-embedded product. Please visit the [CalRecycle](#) website to learn more about these products and CalRecycle's role.

We are responsible for administering and collecting the fee. For more information, see our [Covered Electronic Waste Recycling Fee Guide](#). We will continue to update our website as more information becomes available.

Know Your Rights

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

- Prompt, courteous, and fair treatment,
- Confidentiality,
- Information and assistance,
- A fair examination and a clear explanation of the audit process, and
- Paying no more than the correct amount you owe under the law.

Along with those rights, you have the responsibility to:

- Stay informed about tax laws and regulations that affect your business.
- Report and pay the correct amount of taxes and fees when due.
- Promptly respond to our attempts to contact you.
- Inform us of changes to your business ownership or address.
- Maintain and retain adequate records.

For more information, see our [publication 70](#), *Understanding Your Rights as a California Taxpayer*. If you have questions about your rights or need assistance resolving a tax issue, you may contact the Taxpayers' Rights Advocate Office at 1-888-324-2798. If you are unable to resolve your concern through normal channels, such as speaking with a supervisor, the Advocate's Office may be able to assist you.



Motor Carrier Office Moved on January 21, 2025

We closed our Motor Carrier Office (MCO), located at 1030 Riverside Parkway, Suite 125, West Sacramento, CA 95605, and resumed operations at our new Sacramento Headquarters, located at 651 Bannon Street, Suite 100, Sacramento, CA 95811. However, MCO services are available through our [Online Services](#) portal where you can register for an account, renew a license, and file and pay returns. If you need assistance, please contact 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.

For more information, see our special notice, [Motor Carrier Office Moving on January 21, 2025](#).



Tax Education

Understanding tax requirements can help you stay compliant and avoid common filing errors. Visit our [Tax Education](#) webpages for resources, webinars, and workshops.

Thank you for connecting with us.

