



NEWS FOR TAX PRACTITIONERS

WHAT YOU NEED TO KNOW TO HELP YOUR CLIENTS SUCCESSFULLY OPERATE THEIR BUSINESSES

MISSION: We make life better for Californians by fairly and efficiently collecting the revenue that supports our essential public services.

This semiannual newsletter informs you of the recent changes to tax and fee programs administered by the California Department of Tax and Fee Administration (CDTFA) and other California state agencies that may affect your clients' businesses. This newsletter also provides efficient, accurate, professional tax information, and guidance in preparing your clients' returns.



Small Business Relief Payment Plan

The CDTFA is offering a 12-month, interest-free, payment plan for small businesses with less than \$5 million in annual taxable sales. This payment plan is limited to sales and use tax accounts and is available for up to \$50,000 in sales and use tax due on returns with original due dates between March 1, 2020, and July 31, 2020. Your clients that participate in this payment plan are required to make 12 or fewer equal monthly payments, and the liability must be paid in full by July 31, 2021.

Payment plan requests can be made through our online services system using a *username* and *password*. The small business relief payment plan request is available one business day after the filing of the return(s). Once logged in, select the appropriate sales and use tax account, then select *Request an Interest Deferred Payment Plan* under the *I Want To* section to begin the request. Please check our [website](http://www.cdtfa.ca.gov/services/covid19.htm#small-business-payment) at www.cdtfa.ca.gov/services/covid19.htm#small-business-payment for additional program details.



Legislative Changes Affecting Motor Vehicle Dealers

Recently passed legislation, [Assembly Bill 85](#) and [Assembly Bill 82](#), provides for changes in how certain dealers report tax on vehicle sales. Generally, used car dealers will be required to report tax directly to the Department of Motor Vehicles at the same time registration fees are submitted. Additional information, including the implementation date(s), will be provided in the coming months.

Information Your Clients Need on Labor Laws and COVID-19 Infection Prevention Requirements

The Division of Occupational Safety and Health Administration (Cal/OSHA), the Labor Commissioner's Office, and the Division of Workers' Compensation are providing the latest information for employers and workers on their rights and responsibilities and the different ways COVID-19 can impact the workplace. Resources on how to prevent the spread of the virus at work, the latest requirements for paid sick leave, and updates to benefits for work-related injuries and illness are available on the Department of Industrial Relation's website at www.dir.ca.gov/covid19/.

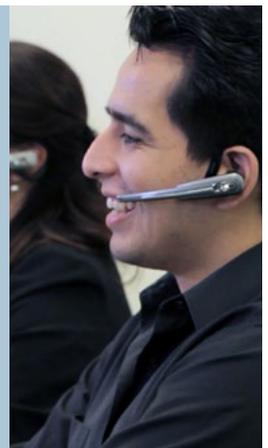


Public Counters

To protect public health, the public counters in our motor carrier and local field offices are accessible by appointment. We are also providing services via telephone, video, email, and online. Here are the many ways to reach us directly.

- Visit us online at www.cdtfa.ca.gov.
- Call our Customer Service Center at 1-800-400-7115 (CRS:711), Monday through Friday from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.
- You can call or email your local CDTFA office at www.cdtfa.ca.gov/office-locations.htm.
- Send us a letter:

California Department of Tax and Fee Administration
P.O. Box 942879
Sacramento, CA 94279



Be Counted!

If we're not counted, we're not seen. When we aren't seen, we aren't heard. Let's use our voice as our power and fight for our families and communities by filling out the #2020Census! Education, healthcare, and infrastructure spending are all determined using data from the Census. Your 2020 Census data is safe, protected, and confidential. Get counted at californiacensus.org or by calling 1-844-330-2020 and take the Census now!



Sign Up Now in the New Online Services Portal

If you currently file returns on behalf of clients with a sales and use tax account or other account(s) in our new online system, and **do not** currently have a *username* and *password*, please **Sign Up Now** at onlineservices.cdtfa.ca.gov/_/.

The online services portal provides access to all the enhanced features of our system, including the filing of tax returns, requesting filing extensions, making payments, filing appeals, requesting installment payment agreements, submitting claims for refunds, and requesting relief of penalties and interest.

The online services portal is also a great tool to keep up to date on your clients' accounts. You will be able to see the status of relief requests as well as view and print letters, payments, reports, and returns for your clients' accounts.

If you already have a *username* and *password* in the new system, log in and choose the *Request Access to an Account* link. Your client may provide you a copy of the letter mailed to them which you can use to gain immediate access to the account online, or you can follow the steps online to have a request sent to them to approve your access.

Video tutorials about logging in are available on our website at www.cdtfa.ca.gov/services/#Tutorials.

Sales Taxes and Excise Taxes on Fuel



By March 1 of each year, the CDTFA is required to establish the sales tax prepayment rates. We may adjust these rates during the year if changes in fuel prices cause fuel retailers to prepay too much or too little tax. In addition to the prepayment rates on fuel tax, the CDTFA is required to adjust the motor vehicle fuel and diesel fuel excise tax rates starting July 1, 2020, and going forward every July 1 thereafter. These rates are adjusted by the percentage change in the California Consumer Price Index, as calculated by the California Department of Finance. The excise taxes on aircraft jet fuel and aviation gasoline are not subject to an annual adjustment.

Sales Tax Prepayment Rates – Effective July 1, 2020, through June 30, 2021

The sales tax prepayment rate for motor vehicle fuel, diesel fuel, and jet fuel are as follows:

- Motor vehicle fuel (gasoline) rate decreased to \$0.05 per gallon (from \$0.06 per gallon)
- Diesel fuel rate decreased to \$0.26 per gallon (from \$0.32 per gallon)
- Jet fuel rate decreased to \$0.081 per gallon (from \$0.106 per gallon)

Excise Tax Rates – Effective July 1, 2020, through June 30, 2021

- Motor vehicle fuel (gasoline) excise tax rate increased to \$0.505 per gallon (from \$0.473 per gallon)
- Diesel fuel excise tax rate increased to \$0.385 per gallon (from \$0.36 per gallon)
- Jet fuel excise tax rate remains at \$0.02 per gallon
- Aviation gasoline excise tax rate remains at \$0.18 per gallon

You can view the special notice about these changes at www.cdtfa.ca.gov/formspubs/L739.pdf. For additional information concerning tax rates, go to our website at www.cdtfa.ca.gov and select *Taxes & Fees*, then *Sales & Use Tax*, then look under the tab *Tax & Interest Rates*, and select *Sales Tax Rates for Fuels*.



Cannabis Tax Updates



We are responsible for determining a cannabis mark-up rate every six months. Based on our analysis of statewide market data, we determined the cannabis mark-up rate will remain at 80 percent for the remainder of 2020.

The 15 percent cannabis excise tax is based on the average market price of the cannabis or cannabis products sold in a retail sale. The mark-up rate must be used by distributors to compute the average market price of cannabis or cannabis products sold or transferred to a cannabis retailer in an arm's length transaction.

Current and historical cannabis tax rates are posted on our [website](#) on the *Tax Rates – Special Taxes and Fees* webpage under the *Cannabis Taxes* section at www.cdtfa.ca.gov/taxes-and-fees/tax-rates-stfd.htm#cannabis.

New Tax Rate for Other Tobacco Products – Effective July 1, 2020, through June 30, 2021

The new tax rate for other tobacco products (products other than cigarettes) is 56.93 percent of wholesale cost, effective July 1, 2020, through June 30, 2021, and is subject to change annually.

For more information, please see our special notice, *New Tax Rate on Other Tobacco Products Effective July 1, 2020, through June 30, 2021*, at www.cdtfa.ca.gov/taxes-and-fees/L747.pdf. Current and historical tobacco products tax rates are posted on our [website](#) on the *Tax Rates – Special Taxes and Fees* webpage under the *Cigarette and Tobacco Products Tax* section at www.cdtfa.ca.gov/taxes-and-fees/tax-rates-stfd.htm#cigarettetax.



Updates to Our Online Services System

In 2018, our sales and use tax accounts transitioned into our new online services system and in 2019, many of our special tax and fee programs moved to the new system. In November 2020, we will launch our final phase, incorporating our remaining tax programs into the new platform. During this transition, our website will direct you to the correct login page, based upon account type. The tax and fee programs listed below will move into our new system on November 9, 2020.

- Cannabis Taxes
- Childhood Lead Poisoning Prevention Fee
- Emergency Telephone Users Surcharge
- Energy Resources Surcharge
- Hazardous Substances Taxes (Disposal, Environmental, Facility, and Generator)
- Integrated Waste Management Fee
- Lead-Acid Battery Fees
- Marine Invasive Species Fee (formerly Ballast Water Management Fee)
- Natural Gas Surcharge
- Occupational Lead Poisoning Prevention Fee
- Public Warehouse – Alcoholic Beverage Tax
- Tax on Insurers
- Water Rights Fee

Please watch for future notifications about this transition, including when we will go paperless and stop mailing paper returns for the account types above. You can stay up-to-date with outreach and special notices by visiting www.cdtfa.ca.gov/services/#Resources.

Does Your Client Need a California Battery Fee or Manufacturer Battery Fee Account?

California battery fee account

If your client makes retail sales of replacement lead-acid batteries in California, they may be required to register for a California battery fee account and report, collect, and pay the \$1 California battery fee to us. Retailers may retain 1.5 percent of the fee collected as reimbursement for any costs associated with the collection of the fee. Manufacturers who make retail sales of lead-acid batteries in California directly to consumers must also register for a California battery fee account.

Please note: As of January 1, 2020, the California battery fee does not apply to a replacement lead-acid battery installed in a used motor vehicle that is sold or leased by a new motor vehicle dealer. In addition to other changes, a new exemption line was added to the return.

Manufacturer battery fee account

If your client manufactures and sells lead-acid batteries either at retail in California, or to a dealer (retailer), wholesaler, distributor, or other person for retail sale in California, they may need to register for a manufacturer battery fee account and pay the \$1 manufacturer battery fee to us. The fee is due on each lead-acid battery sold to a person at retail in California, or sold to a dealer, wholesaler, distributor, or other person for retail sale in California.

Please note: As of January 1, 2020, a manufacturer not subject to California jurisdiction may enter into a written agreement with an importer to pay the manufacturer battery fee on behalf of the importer and manufacturers paying the manufacturer battery fee may claim the associated credits to offset potential hazardous waste liability relating to a release of a hazardous substance from a lead-acid battery recycling facility. Two new lines were added to the return: one for manufacturers to report the number of batteries for which they are paying the fee on the importer's behalf, and a second line for importers to report the number of batteries for which the fee was paid by manufacturer, on their behalf.

Please view our *Tax Guide for Lead-Acid Battery Fees* at www.cdtfa.ca.gov/industry/lead-acid-battery-fees.htm for more information about the fees and how to register. Also, please see our special notices, *Changes to the Lead-Acid Battery Fees Program* at www.cdtfa.ca.gov/formspubs/L724.pdf, and *Changes to Your Lead-Acid Battery Fee Returns* at www.cdtfa.ca.gov/formspubs/L738.pdf.



Industry and Tax and Fee Guides Available Online

Did you know that we have more than 40 online Industry and Tax and Fee Guides? Our newest guide is the *Tax Guide for Photography*.

These guides cover a variety of topics to help your clients understand key issues that may be relevant to their business. These guides complement our many online publications which provide more detailed, specific answers to industry topics.

Check out our complete list of industry and tax and fee guides available at www.cdtfa.ca.gov/industry/. Be sure to visit this webpage often, as we continuously add new information to better assist you and your clients. Also, if you have any suggestions for improving the industry and tax and fee guides, please email us at AIS.IndustryGuides@cdtfa.ca.gov.

Contact Us

Tell the CDTFA what topics you would like to see covered in your newsletter. You can mail your comments to the CDTFA, call the Customer Service Center at 1-800-400-7115 (CRS:711), or send a message through the CDTFA website.

California Department of Tax and Fee Administration
P.O. Box 942879
Sacramento, CA 94279-0044

Website: www.cdtfa.ca.gov/contact.htm

Tax Practitioner Hotline:

1-800-401-3661

Customer service representatives are available Monday through Friday from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.

About the CDTFA: We administer California's sales and use, fuel, tobacco, alcohol, and cannabis taxes, as well as a variety of other taxes and fees that fund specific state programs. We collect over \$70 billion annually from CDTFA administered programs, which in turn supports local essential services such as transportation, public safety and health, libraries, schools, social services, and natural resource management programs through the distribution of tax dollars going directly to local communities.

Tax programs we administer are concentrated in two general areas – sales and use, and special taxes and fees.

To best serve our customers, we have offices throughout the state along with offices located in New York, Chicago, and Houston. While our team is spread out geographically, we are united in working together to serve taxpayers

Thank you for connecting with us.

