



TAX INFORMATION BULLETIN

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Sign up for CDTFA Updates

Subscribe to our [email lists](#) and receive the latest newsletters, tax and fee updates, public meeting agendas, and other announcements.

We will be distributing information regarding proposed changes to our audit and compliance manuals. To receive emails, sign up for [Announcements of Proposed Manual Changes](#).

Beginning December 2025, we are combining the annual *Special Taxes and Fees Newsletter* and the quarterly *Tax Information Bulletin* into one easy-to-read digital publication. The new *Tax Information Bulletin* will include updates on our sales and use tax and special tax and fee programs, along with other helpful information. To receive emails, sign up for [Monthly Updates](#).

New Sales and Use Tax Rates Effective October 1, 2025

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

DISTRICT TAX RATES CHANGING					
City	County	Current Code	New Code	Current Rate	New Rate
City of Dos Palos	Merced	N/A	D12	7.750%	8.250%
City of Oakland	Alameda	N/A	D10	10.250%	10.750%
City of Sebastopol	Sonoma	C89	D14	10.250%	10.500%

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

New Cannabis Excise Tax Rate Effective October 1, 2025

What is the effective excise tax rate?

Effective October 1, 2025, the Cannabis Excise Tax rate will decrease from 19 percent to 15 percent. The cannabis excise tax is imposed on purchasers of cannabis or cannabis products at the following percentages of gross receipts of retail sales by a cannabis retailer:

- 19 percent for retail sales that occurred beginning July 1, 2025, through September 30, 2025.
- 15 percent for retail sales that occurred on or after October 1, 2025.

For additional information, see our special notice [New Cannabis Excise Tax Rate Effective October 1, 2025](#).



California Firearm and Ammunition Excise Tax

Effective October 1, 2025, Senate Bill [132](#) (Stats. 2025, ch. 17) changes who is responsible for paying the California Firearm, Firearm Precursor Part, and Ammunition Excise Tax (CFET) when a licensed California Firearms Dealer (CFD) completes the registration and transfer paperwork and delivers a firearm product to a California purchaser on behalf of an out-of-state retailer.

Below is a chart that explains who is responsible for the tax:

Application of Tax to Firearm Product Transactions Involving Out-of-State Retailers

Transaction Type	Applicable Tax	Tax Owed By
A California Firearms Dealer (CFD) facilitates the firearm product transfer on behalf of an out-of-state retailer, doing business in this state , to a California purchaser.	CFET	CFD
	Use Tax	Out-of-State Retailer
A CFD facilitates the firearm product transfer on behalf of an out-of-state retailer or out-of-state private party, not doing business in this state , to a California purchaser.	CFET	CFD
	Sales Tax	

For more information, see our special notice [California Firearm Dealers Requirements for Transfers from Out-of-State Retailers](#) or our [Tax Guide for Sellers of Firearm and Ammunition Products](#).



Tax Rate Change for IFTA and Interstate User Diesel Fuel Tax Licensees

Effective July 1, 2025, through June 30, 2026, the tax rate licensees report and pay on their quarterly International Fuel Tax Agreement (IFTA) or Interstate User Diesel Fuel Tax Return for diesel fuel decreased from \$1.023 to \$0.971 per gallon. This is the tax amount licensees report and pay with their quarterly IFTA or Interstate User Diesel Fuel Tax Return for diesel fuel purchased in California and used both inside and outside California. The table below shows the new effective rates.

Rates Effective July 1, 2025, through June 30, 2026	
Diesel Fuel Tax*	46.6 cents (\$0.466)
Excise Tax	50.5 cents (\$0.505)
Total	97.1 cents (\$0.971)

*The Diesel Fuel Tax rate is adjusted on July 1 of each year.

For more information regarding IFTA, the Interstate User Diesel Fuel Tax, or diesel fuel taxes, see our [International Fuel Tax Agreement \(IFTA\) and Interstate User Diesel Fuel Tax](#) guide.

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

Beginning January 1, 2026, a new covered battery-embedded (CBE) waste recycling fee will be imposed on consumers upon the retail purchase or lease of certain new or refurbished CBE products. Retailers that sell or lease CBE products must register with us for a CBE waste recycling fee account and will be required to collect the new CBE waste recycling fee from their customers.

Registration for a CBE waste recycling fee account will begin in late November 2025 through our [Online Services](#) webpage. Additionally, if you do not currently have a seller’s permit, you must register for one with us.

What is a CBE product?

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. For example, a smartphone from which the battery is not designed to be

easily removed by the user would generally be considered a CBE product. CBE products do not include the following as specified in Public Resources Code (PRC) [section 42463](#):

- Certain medical devices,
- Covered electronic devices (certain video display devices) subject to the Covered Electronic Waste Recycling (eWaste) fee,
- Certain energy storage systems, and
- Certain electronic nicotine delivery systems.

What is the tax rate?

By October 1, 2025, CalRecycle will establish the CBE waste recycling fee rate that will take effect January 1, 2026. For additional information regarding the CBE waste recycling fee, see CalRecycle’s [Covered Battery-Embedded Products Emergency Regulation](#) website.

For additional information about the CBE waste recycling fee, see our [Covered Battery-Embedded Waste Recycling Fee Guide](#).

Return Filing Changes for Used Motor Vehicle Dealers Starting July 1, 2025

Senate Bill [132](#) (Stats. 2025, ch. 17) amends Revenue and Taxation Code (RTC) [section 6295](#) to provide that a dealer’s application (registration or transfer) submitted to the Department of Motor Vehicles (DMV) shall be deemed a tax return filed with the California Department of Tax and Fee Administration (CDTFA) for the amounts reported to DMV. As a result of this amendment for sales made on or after July 1, 2025, dealers required to pay tax to DMV on vehicle sales shall no longer be required to include vehicle sales amounts reported to DMV on their sales and use tax return.

Dealers must continue to file a sales and use tax return with CDTFA to report other sales and claim tax recovery credits, which may include the following:

- Any vehicle sales which were not reported to DMV (for example, demand title sales or out-of-state sales),
- Any non-vehicle, taxable charges that are in addition to the vehicle sales amounts reported to DMV, such as document fees (since DMV only collects tax on the vehicle sales prices and does not currently collect tax on these amounts),
- Any other sales of tangible personal property, and
- Any tax recovery transactions, such as dealer-financed bad debt losses or taxable merchandise returns.

In addition to the above, schedule [CDTFA-531-MV, Used Vehicle Dealer—Sales Report](#), will be removed from the sales and use tax return, as it is no longer needed for both dealers currently paying tax to DMV and those who pay directly to CDTFA.

For more information, see [Tax Guide for Motor Vehicle Dealers](#).



Alcoholic Beverage Tax—Changes to the Distilled Spirits Tax Return

Your September 2025 CDTFA-501-DS, *Distilled Spirits Tax Return*, which is due October 15, 2025, has changed. If you file supplemental schedules with your online *Distilled Spirits Tax Return*, you must round each reported transaction to the nearest one-hundredth (second decimal) of a gallon (for example, round 1.2345 gallons to 1.23 gallons).

For more information regarding your alcoholic beverage tax account, see our [Tax Guide for Alcoholic Beverage Tax](#).

Cannabis Vendor Compensation Ends December 31, 2025

The cannabis vendor compensation program under RTC [section 34011.1](#) ends on December 31, 2025. No current legislation has extended approval for any cannabis retailer to retain vendor compensation beyond that date.

For more information, see [Retain Vendor Compensation](#) information located on the [Retailers](#) page of [Tax Guide for Cannabis Businesses](#), and Cannabis [regulation 3810](#), *Vendor Compensation*.

Sales and Use Tax Quarterly Prepayment

If your sales and use tax account is on a quarterly prepayment filing basis, you are required to make a prepayment for each of the first two months of a quarter prior to filing your quarterly return. Failure to make either of the required prepayments prior to filing a timely return and payment may result in a 6 percent penalty equal to 90 percent of the tax liability for each prepayment not received.

In the rare instance taxable transactions did not occur during either the first or second months of the quarter, a prepayment is not required for that month. An explanation of why taxable transactions did not occur may be requested since most businesses have recurring monthly taxable sales.

For additional information on due dates for prepayments and other filing instructions, please refer to [CDTFA 367](#), *Filing Instructions for Sales and Use Tax Accounts on a Quarterly and Prepayment Filing Basis*.

How to Report International Fuel Tax Agreement Zero-Emission Vehicles (Electric/Hydrogen/Hythane)

The International Fuel Tax Agreement (IFTA) is an agreement among 48 U.S. states and 10 provinces in Canada that simplifies the reporting of fuel use taxes by interstate motor carriers who operate in two or more member states or provinces. As IFTA licensees, these interstate motor carriers are responsible for reporting all miles driven and all fuel purchased for their qualified motor vehicles. With the rise in efforts to reduce harmful emissions from transportation and increase the use of zero-emission vehicles, IFTA, Inc. has announced the addition of electricity, hydrogen, and hythane as fuel types listed on the IFTA tax rates matrix. Therefore, if you have qualified motor vehicles that are propelled using these fuel types, your vehicles should be registered for an IFTA license, and all miles driven and fuel purchased for these vehicles should be reported on your IFTA returns.

For more information on IFTA, see our [International Fuel Tax Agreement \(IFTA\) and Interstate User Diesel Fuel Tax](#) guide.

How to Report Suspected Tax Violations

We administer California's sales, use, fuel, cigarette, tobacco, alcohol, and cannabis taxes, as well as a variety of other taxes and fees that support essential services for California. We investigate and identify violations, evasion, and fraud, and we will assist in prosecuting those who commit crimes that violate the laws we administer. Tax evaders enjoy an unfair advantage in the marketplace, hurt California's honest businesses, and impact revenues that support essential public services.

To report suspected violations:

- Visit our [Report Suspected Violations](#) webpage and click on *Report a Suspected Violation*
- Call us toll-free at 1-888-334-3300
- Mail a completed [CDTFA-890](#), *Report Suspected Violations*, along with supporting evidence to us at:

California Department of Tax and Fee Administration
Tax Investigations and Inspections Bureau
PO Box 942879
Sacramento CA 95814-0042

We investigate all complaints, whether anonymous or not. We treat the information you provide to us as confidential unless compelled by law to do otherwise. We will evaluate any information that you provide to us, and if it is not within our jurisdiction, it may be shared with the appropriate local, state, and federal agencies. Privacy and disclosure laws prohibit us from sharing information and updates to you whether or not action is taken.

To learn more about some of the various types of violations related to cannabis, cigarettes, tobacco products, fuels, and sales and use taxes, including examples of illegal activities and tax evasion, visit our [Report Suspected Violations](#) webpage.



When to Contact the Taxpayers' Rights Advocate Office

The Taxpayers' Rights Advocate (TRA) Office helps taxpayers when they are unable to resolve a matter through normal channels. You may contact the TRA Office with questions related to an audit or the collection of taxes or fees. You may also seek confirmation that you have been treated lawfully and fairly by us.

If you would like assistance or need more information, please contact us at 1-888-324-2798 or by email at taxpayer.rights@cdtfa.ca.gov. You can also visit the [Taxpayers' Rights Advocate Office](#) webpage, where you will find details regarding the Taxpayers' Bill of Rights (TBOR) annual meeting, links to the most recent TRA Annual Reports, and information about the Tax Appeals Assistance Program (TAAP).

New Santa Ana Office Opened on July 7, 2025

We moved our Irvine Office, previously located at 16715 Von Karman Avenue, Suite 200, Irvine, CA 92606-2414, on Wednesday, November 27, 2024. On Monday, July 7, 2025, we resumed operations at our new Santa Ana Office located at 1 MacArthur Place, Suite 400, Santa Ana, CA 92707-5944. You can reach our new office by telephone at 1-949-440-3473.

For more information, see our special notice [New Santa Ana Office Opens on July 7, 2025](#).

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 (many videos are available in Spanish)
- Printable publications, guides, and more

Take advantage of these tools to stay informed and confidently manage your tax obligations.

Franchise Tax Board

Stay Informed with Tax News

[Tax News](#) is the Franchise Tax Board's (FTB) monthly online publication used to provide essential tax reminders and helpful tips to tax professionals and small business owners. [Tax News Flashes](#) are also periodically released to quickly provide urgent time-sensitive information.

Accessing the latest news can help navigate the complexities of today's evolving tax landscape. You can sharpen your knowledge and maintain a competitive edge by staying informed of new tax laws with how-to videos, updated and new processes, and guidance to navigate FTB's website for vital, relevant information.

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Employment Development Department

Introducing our Updated Payroll Tax Seminar Registration System

The Employment Development Department is excited to announce that our updated payroll tax seminar registration system is now available. This user-friendly system allows you to easily register for free seminars to learn how to stay in compliance with state payroll tax laws. Some features of this new system include:

- A new modernized look and feel
- The ability to add seminars to your calendar in Google, Apple, or Outlook
- The ability to modify user information or cancel registrations
- Friendly email reminders about upcoming registrations, and more

Explore upcoming [payroll tax seminars](#) and register today!