

**TAX INFORMATION BULLETIN**Publication 388 | September 2018 | [www.cdtfa.ca.gov](http://www.cdtfa.ca.gov)**New Sales and Use Tax Rates Operative October 1, 2018**

The tax rate changes listed below apply only within the indicated city limits. The new tax rates, tax codes, acronyms, and expiration dates will be available to view and download as a spreadsheet prior to October 1, 2018, on our webpage [California City & County Sales & Use Tax Rates](http://www.cdtfa.ca.gov). Go to our website at [www.cdtfa.ca.gov](http://www.cdtfa.ca.gov) and select *Tax and Fee Rates* then choose *Sales and Use Tax Rates* (scroll down to *Download* for the spreadsheet).

To find the specific tax rate for your area or business location, go to the [California City & County Sales & Use Tax Rates](http://www.cdtfa.ca.gov) webpage and select *Find a Sales and Use Tax Rate by Address* under the *Current Tax Rates* section. (*Please note: The new rates will not be available here until October 1, 2018.*) You can also call our Customer Service Center at 1-800-400-7115 (TTY:711) where customer service representatives are available to assist you Monday through Friday from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.

<b>DISTRICT TAX RATE INCREASING</b>				
<b>Citywide</b>	<b>New Code</b>	<b>Acronym</b>	<b>Prior Rate</b>	<b>New Rate</b>
City of Chula Vista (located in San Diego County)	644	CLVT	8.250%	8.750%
Town of Corte Madera (located in Marin County) <sup>1</sup>	640	CTMG	8.750%	9.000%
City of Grass Valley (located in Nevada County) <sup>2</sup>	642	GRVG	8.000%	8.500%
City of Huntington Park (located in Los Angeles County)	638	HTPG	9.500%	10.250%
City of Kingsburg (located in Fresno County)	636	KBTG	7.975%	8.975%
City of Santa Cruz (located in Santa Cruz County)	646	SCGT	9.000%	9.250%

Voters in the City of El Segundo in Los Angeles County approved a 0.75 percent district tax that will only be implemented if Los Angeles County proposes a new district tax measure. We will notify you separately if the El Segundo 0.75 percent district tax is implemented including what the new tax rate will be and the effective date.

<sup>1</sup>The town increased its existing tax (CMGT) of 0.50 percent to 0.75 percent and extended the expiration date indefinitely, for a net increase of 0.25 percent in the total tax rate.

<sup>2</sup>The city increased its existing tax (GVGT) of 0.50 percent to 1.00 percent and extended the expiration date indefinitely, for a net increase of 0.50 percent in the total tax rate.

## Online Service — Helpful Reminders and Tips

Your Limited Access Code (LAC) is the same as what we used to refer to as your Express Login Code. You can obtain your LAC by reviewing your previous correspondence, or by calling our Customer Service Center at 1-800-400-7115 (TTY:711). With your LAC you can file your return or make a payment. As with any filing period, we always encourage you to file your return early in the filing month.

Although you can file your sales and use tax return and make payments using your LAC, we encourage you to sign up for a username and password. With a username and password you will have access to more of our online service capabilities. From our [homepage](#) simply click the *Login* button at the top right; click *View Accounts*; then under *Create a Username*, click *Sign Up Now*. For step by step instructions you may access our *Username/Password for Business Owners* tutorial [video](#) located at [www.cdtfa.ca.gov/services/#Tutorials](http://www.cdtfa.ca.gov/services/#Tutorials).

We continue to improve our online services every day based upon feedback from our tax and fee payers. Hence, we are adding a new feature that will allow you to view a full summary of your return prior to submission. We are also adding the capability to allow you to print a copy of your return immediately after submitting online. We continue to add and encourage you to view our video tutorials to assist you with our online services.

## Cannabis Tax Updates

The California Department of Tax and Fee Administration (CDTFA) has determined the mark-up rate to be used to calculate the average market price of cannabis or cannabis products sold in an arm's length transaction will continue to be set at 60 percent. The CDTFA is responsible for determining the mark-up rate on a biannual basis in six-month intervals. We will notify you in a Special Notice if the mark-up rate changes. For the current cannabis tax rates, see our *Special Taxes and Fees Rate* webpage under *Cannabis Taxes* on our website at [www.cdtfa.ca.gov/taxes-and-fees/tax-rates-stfd.htm](http://www.cdtfa.ca.gov/taxes-and-fees/tax-rates-stfd.htm).

Additionally, the CDTFA is amending and adding regulations for the *Cannabis Tax Program*. Please subscribe to our email list and receive the latest news on our new regulations and the *Cannabis Tax Program* at [www.cdtfa.ca.gov/subscribe/](http://www.cdtfa.ca.gov/subscribe/).

### Important reminders for cannabis distributors

If you are required to be licensed with the [Bureau of Cannabis Control](#) as a cannabis distributor or microbusiness authorized to distribute cannabis or cannabis products, you are also required to register with the CDTFA for a cannabis tax permit. This permit is separate from your seller's permit.

As a cannabis distributor, you must electronically file your cannabis tax return and pay the cultivation tax as well as the cannabis excise tax due to the CDTFA. The cannabis tax return filing and payment of the cannabis taxes are due on the last day of the month following the reporting period. You must file your return even if you do not have any sales or transfers of cannabis or cannabis products to report during the reporting period. You can register for a cannabis tax permit and file your cannabis tax return online on our website at [www.cdtfa.ca.gov](http://www.cdtfa.ca.gov).

### For more information

Our *Tax Guide for Cannabis Businesses* continues to be updated with important information on how cannabis taxes and sales and use tax apply to your business activities. Please continue to check the tax guide located at [www.cdtfa.ca.gov/industry/cannabis.htm](http://www.cdtfa.ca.gov/industry/cannabis.htm).

## Sales Taxes and Excise Taxes on Fuel

By March 1 of each year, the CDTFA is required to establish the sales tax prepayment and excise tax rates on fuels that will be in effect from July 1 through June 30 of the following year. Generally, new prepayment rates take effect July 1. The rates vary depending on the type of fuel involved and may be adjusted during the year, if necessary.



## Sales tax prepayment rates—Effective July 1, 2018, through June 30, 2019

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

- Motor vehicle fuel (gasoline) rate increased to \$0.06 per gallon (from \$0.05 per gallon)
- Diesel fuel rate increased to \$0.31 per gallon (from \$0.25 per gallon)
- Jet fuel rate increased to \$0.105 per gallon (from \$0.085 per gallon)

## Excise tax rates—Effective July 1, 2018, through June 30, 2019

- Motor vehicle fuel (gasoline) excise tax rate remains at \$0.417 per gallon
- Diesel fuel excise tax rate remains at \$0.36 per gallon
- Jet fuel excise tax rate remains at \$0.18 per gallon

For additional information concerning tax rates, go to the CDTFA website at [www.cdtfa.ca.gov](http://www.cdtfa.ca.gov) and select *Tax & Fee Rates*, then *Special Taxes and Fees Rates*, then look under *Fuel Taxes*. You can also call our Customer Service Center at 1-800-400-7115 (TTY:711) for assistance.

## New Reporting Requirement for Sales Made on State-Designated Fairgrounds Effective July 1, 2018

Effective July 1, 2018, if you are a retailer who makes sales of tangible personal property that take place on the real property of a state-designated fair “state-designated fairground,” you must separately state the amount of those sales on your sales and use tax return (Assembly Bill 1499) at [http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=201720180AB1499](http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB1499). The separately reported amount will be used for funding allocation purposes only. *There is no additional tax or fee due on these sales.*

### New reporting requirement

The separately stated amount must include sales that take place at any time and at any event on the state-designated fairground, not just during an actual fair. Sales that take place on state-designated fairgrounds include over-the-counter sales on the fairgrounds and also may include sales in which the property is shipped or delivered to or from the fairground.

### How to separately report state-designated fairground sales

For return periods starting on or after July 1, 2018, the online and paper returns will include an additional line for you to report sales that take place on a state-designated fairground. Reporting an amount on this line does not change the way you fill out any other part of your sales and use tax return. You should continue to report the amounts from these transactions as you currently do, and in addition, report them on the new line for fairground sales.

When filing your return online, you will be asked whether you made any sales of tangible personal property on a state-designated fairground. If you select:

- **Yes.** You will be taken to the next screen which will ask you to enter the amount of sales of tangible personal property you made on a state-designated fairground. Instructions and a link to a complete list of state-designated fairgrounds will be provided on this screen to assist you in completing this field. After you enter the amount, you will then proceed to the next screen to complete all other areas of your return.
- **No.** You will proceed to the next screen to complete all other areas of your return as you did prior to this new requirement.

For more information on the new reporting requirement and to see a list of the state-designated fairgrounds in this state, please see *Reporting Requirement for Sales on State-Designated Fairgrounds* at [www.cdtfa.ca.gov/industry/state-fairgrounds.htm](http://www.cdtfa.ca.gov/industry/state-fairgrounds.htm).



## Mobile Food Vendors

Mobile food vendors include those who operate food trucks, stands, or carts that do not have a fixed physical location. If you are a mobile food vendor you are generally required to register with the CDTFA, file sales and use tax returns, and maintain books and records that are adequate for sales and use tax purposes. Please see [publication 116](#), *Sales and Use Tax Records*, for additional information on maintaining books and records.

The location where you make your sales is important because tax applies to each sale at the rate in effect at the location where the sale is made. The CDTFA website has an up-to-date listing of sales and use tax rates. Go to *Tax & Fee Rates* on the CDTFA homepage at [www.cdtfa.ca.gov](http://www.cdtfa.ca.gov), and select *Sales and Use Tax Rates*. To find the tax rate at a specific location, select [Find a Sales and Use Tax Rate by Address](#). For more details, refer to [Regulation 1603](#), *Taxable Sales of Food Products*, [publication 287](#), *Mobile Food Vendors*, the [Tax Guide for Caterers](#), or contact the CDTFA Customer Service Center at 1-800-400-7115 (TTY:711).

## Cigarette and Tobacco Products License Required for Retailers of Electronic Nicotine Delivery Systems

Electronic cigarettes, personal vaporizers, eCigars, eHookah, ePipes, and vaping devices are just some of the many terms used to describe electronic nicotine delivery systems (ENDS). Generally, these ENDS heat a liquid solution or “eLiquid,” which typically, but not always, contains nicotine as well as varying flavorings and other ingredients to create a vapor that the user inhales.

For retail licensing purposes, ENDS that do not contain nicotine, or are not sold in a kit that contains nicotine, are considered tobacco products, therefore retailers selling ENDS to a consumer in California are required to have a valid California Cigarette and Tobacco Products Retailer’s License.

For tobacco products tax purposes, the sale of ENDS that do not contain nicotine or are not sold with nicotine are not subject to the California excise tax on tobacco products. A distributor or wholesaler is not required to be licensed under the California Cigarette and Tobacco Products Licensing Act of 2003 to sell ENDS that do not contain nicotine or are not sold with nicotine to a retailer. To learn more, see our *Tax Guide for Cigarette and Tobacco Products* at [www.cdtfa.ca.gov/industry/cigarette-and-tobacco-products.htm](http://www.cdtfa.ca.gov/industry/cigarette-and-tobacco-products.htm).

*Please note:* The *California Cigarette and Tobacco Products Licensing Act* does not apply to cannabis or other cannabis products, such as cannabis vape pens.

## Do You Need a California Battery Fee Account?

If you sell replacement lead-acid batteries typically designed for use in a vehicle,\* watercraft, aircraft, or equipment in California, you must register for a California Battery Fee account. Please register at our website at [www.cdtfa.ca.gov](http://www.cdtfa.ca.gov). For more information about the fee and details about how to register, see our *Tax Guide for Lead-Acid Battery Fees* at [www.cdtfa.ca.gov/industry/lead-acid-battery-fees.htm](http://www.cdtfa.ca.gov/industry/lead-acid-battery-fees.htm).

If you have any questions, you may contact our Customer Service Center at 1-800-400-7115 (TTY:711) and select the option for Special Taxes and Fees from the main menu. Customer service representatives are available weekdays from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.

*\*Vehicle generally includes any device or machine which can be used to move persons or property, including but not limited to, watercraft, aircraft, or any vehicle as defined in Vehicle Code section 670 or 36000.*

## For More Information

All telephone numbers are toll-free.

### Internet

[www.cdtfa.ca.gov](http://www.cdtfa.ca.gov)  
[www.taxes.ca.gov](http://www.taxes.ca.gov)

### Customer Service Center

1-800-400-7115  
(TTY:711)

### Seller’s Permit Verification

1-888-225-5263  
[www.cdtfa.ca.gov](http://www.cdtfa.ca.gov)

### Taxpayers’ Rights Advocate

1-888-324-2798  
[www.cdtfa.ca.gov/tra](http://www.cdtfa.ca.gov/tra)

### Tax Evasion Hotline

1-888-334-3300

### State Legislation

<https://leginfo.legislature.ca.gov/>

### More Articles Available Online

There are occasions when we have more articles than we have space for in this print version of the *Tax Information Bulletin*. The additional articles are available online at [www.cdtfa.ca.gov/taxes-and-fees/tax-bulletins.htm](http://www.cdtfa.ca.gov/taxes-and-fees/tax-bulletins.htm).

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