

# FIREARMS and AMMUNITION TAX FACT



## Key Guidelines for Sellers of Firearm Products

### A Sale Occurs upon Transfer of Title or Possession

For tax purposes, a sale occurs when either the transfer of title or possession of tangible personal property takes place, whichever comes first, in exchange for consideration (payment). Beginning July 1, 2024, in addition to reporting and paying sales and use tax, a retailer of firearms, firearm precursor parts, or ammunition (firearm products) must report and pay California Firearm and Ammunition Excise Tax (CFET) in the reporting period during which the retail sale occurs.

#### Example

On June 28, 2024, a customer paid you the retail selling price of a firearm in full, including any required fees, and you initiated the required background check and mandatory waiting period. The customer returned to pick up the firearm from you on July 8, 2024. For purposes of sales and use tax and CFET, the retail sale occurred on July 8, 2024, when the customer picked up the firearm from you.

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.

### Tax Exemptions

#### General exemptions

- Your sales to the U.S. government are generally exempt from sales and use tax and are not subject to CFET.
- Your sales made in interstate or foreign commerce are generally exempt from sales and use tax and are not subject to CFET.

#### CFET exemptions

- Your sales of firearms products to any active or retired peace officer or any law enforcement agency employing peace officers are exempt from CFET. You should use [CDTFA-230-FET](#), *California Firearm and Ammunition Excise Tax Exemption Certificate for Peace Officers and Law Enforcement Agencies*, to document your exempt sale.
- Your 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 may choose to refund the excess CFET reimbursement to the purchaser, or you must report and pay the excess tax reimbursement collected to us.

*Please note:* Even if your sales are exempt from CFET, they may still be subject to sales and use tax. You also must file a CFET return each quarter, even if you made no sales or if all your sales are exempt.

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## Proper 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. It is improper to issue a resale certificate if you do not intend to resell the item(s). If you use an item from 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.

### Example

You are a licensed firearms dealer, and you buy cleaning supplies to clean your store. You should not use a resale certificate to buy them without paying sales tax reimbursement. In addition, if you buy a firearm to give away for a raffle, you are considered the consumer of the firearm product in this situation. You should not issue a resale certificate for sales tax purposes.

## Improper use of a resale certificate

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 your seller's permit may be revoked. 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*.

## Documentation

When you purchase items for resale, you may use [CDTFA-230](#), *General Resale Certificate*.

## Recordkeeping

- You must maintain records to support your retail sales, including any exemption from sales and use tax or CFET that you claim. Examples of records to support your claimed exemptions may include, but are not limited to, exemption certificates, shipping invoices, sales orders, and any related documents.
- You must keep records for at least four years unless we provide you specific written authorization to destroy them sooner.

## For more information

Please visit our online *Tax Guide for Sellers of Firearm and Ammunition Products* at [www.cdtfa.ca.gov/industry/sellers-of-firearm-and-ammunition-products](http://www.cdtfa.ca.gov/industry/sellers-of-firearm-and-ammunition-products) or call 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.

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