



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.

Starting December 2024, we will combine the content of *News for Tax Practitioners* and the *Tax Information Bulletin* into a single, more comprehensive publication that will be available digitally. We encourage you to sign up for CDTFA Updates at www.cdtfa.ca.gov/subscribe/ to ensure you receive the new and improved *Tax Information Bulletin* publication by email. In addition to the link to the *Tax Information Bulletin*, signing up for CDTFA Updates will also provide you with the latest tax program news and keep you apprised of important CDTFA information. This will be the final edition of *News for Tax Practitioners*.



California Firearm and Ammunition Excise Tax

New program for firearm dealers, ammunition vendors, and firearm manufacturers

Beginning July 1, 2024, licensed firearm dealers, ammunition vendors, and firearm manufacturers (retailers) are required to register with us for a *California Firearm and Ammunition Excise Tax (CFET) Certificate of Registration*. They must also pay us an excise tax at the rate of 11 percent of the gross receipts from the retail sales in California of any firearms, firearm precursor parts, or ammunition ([Assembly Bill 28 \[Stats. 2023, ch. 231\]](#)).

Retailers must be registered for both a seller's permit and a *CFET Certificate of Registration*. You or your clients may register for both online at onlineservices.cdtfa.ca.gov.

In June 2024, we mailed registration notifications to those firearm dealers, ammunition vendors, and firearm manufacturers currently licensed with the California Department of Justice who we automatically registered and to those who needed to register with us. If you or your clients need to register with us and have not yet done so, please register now.

The first return for the period of July 1, 2024, through September 30, 2024, will be due by October 31, 2024. You or your clients must file the return online using our online services system.

For assistance with online registration or return filing, 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, including answers to frequently asked questions, please visit our *Tax Guide for Sellers of Firearm and Ammunition Products* at www.cdtfa.ca.gov/industry/sellers-of-firearm-and-ammunition-products/. We will continue to update this guide as more information becomes available.

Cannabis Taxes

Are your clients calculating the cannabis excise tax correctly? Find out now!

Cannabis retailers are required to collect from their customers the 15 percent cannabis excise tax on gross receipts from the retail sale of cannabis or cannabis products. The following resources are available to help you or your clients correctly compute the tax:

- The *Gross Receipts Subject to Cannabis Excise Tax* section under the *Tax Facts* page on our *Tax Facts for Cannabis Businesses* at www.cdtfa.ca.gov/industry/cannabis/tax-facts.htm#Gross-Receipts-Subject-to-Cannabis-Excise-Tax.
- A new video on how to calculate the cannabis excise tax at www.cdtfa.ca.gov/industry/cannabis/videos.htm.
- Regulation 3802, *Gross Receipts from Sales of Cannabis and Cannabis Products* at www.cdtfa.ca.gov/lawguides/vol3/ctr/ctr-reg3802.html.

CANNABIS GROSS RECEIPTS

Include charges like these when calculating cannabis excise tax:



Cannabis Product
Selling Price



Local Cannabis
Business Tax



Delivery Fee



Service Fee



Packaging

We May Inspect Businesses That Sell or Store Products Bearing the Universal Cannabis Symbol

Beginning January 1, 2024, we may inspect any business that sells or stores items or objects of any kind bearing the universal cannabis symbol ([Assembly Bill 1126 \[Stats. 2023, ch. 563\]](#)). The universal cannabis symbol:

- Alerts everyone that a product contains cannabis,
- Must be on the primary panel of all cannabis or cannabis products sold in California, and
- Can only be possessed and used for licensed cannabis activity.

We will consider any item or product incorrectly bearing the universal symbol as contraband, and we will seize it (for example, unregulated cannabis or cannabis products bearing the universal cannabis symbol sold in an unlicensed cannabis location).

For an image of the universal cannabis symbol and more information regarding misuse of the symbol, see special notice *New Seizure Authority for Misuse of the Universal Symbol for Cannabis and Cannabis Products Beginning January 1, 2024*, at www.cdtfa.ca.gov/formspubs/I925.pdf.



Cigarette and Tobacco Products Tax

New tax rate for tobacco products

Effective July 1, 2024, through June 30, 2025, the new tax rate for tobacco products (products other than cigarettes) is 52.92 percent of the wholesale cost. The tax rate is subject to change annually. For more information, please see special notice *New Tax Rate on Tobacco Products Effective July 1, 2024, through June 30, 2025*, at www.cdtfa.ca.gov/formspubs/L-939.pdf.

You or your clients may find current and historical tobacco products tax rates on our *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.

LEAD-ACID BATTERY FEES

New lead-acid battery fee regulations

On April 3, 2024, the California Office of Administrative Law approved new [Regulations 3210, 3220, 3230, and 3240](#). These regulations provide additional guidance and clarification on several topics, including the requirements for documenting sales of lead-acid batteries or replacement lead-acid batteries (batteries) that are excluded or exempt from the California battery fee and/or manufacturer battery fee (lead-acid battery fee).

Documenting an exclusion or exemption

If your clients are manufacturers or dealers (sellers), they must obtain written certification from their customer to support that the lead-acid battery or a replacement lead-acid battery is sold and will be used in a manner or for a purpose entitling the manufacturer or dealer to regard the purchase as not subject to the California battery fee or manufacturer

battery fee. CDTFA-230-L, *General Exclusion and Exemption Certificate—For Lead-Acid Batteries Not Subject to the Lead-Acid Battery Fees* is now available on our website at www.cdtfa.ca.gov/DownloadFile.ashx?path=/formspubs/ctdfa230l.pdf and may be used to meet the certification requirements in Regulation 3240.

Drop shipments

A drop shipper owes the lead-acid battery fee(s) when the drop shipment meets the following two conditions:

- A California retailer makes the drop shipment on behalf of an out-of-state retailer to a consumer in California, and
- The out-of-state retailer does not hold a California seller's permit or a California Certificate of Registration—Use Tax.

For the full text of each regulation or more information regarding lead-acid battery fees, visit our online *Lead-Acid Battery Fees Guide* at www.cdtfa.ca.gov/industry/lead-acid-battery-fees.htm.

Oil Spill Prevention and Administration Fee

Rate increase

Effective July 1, 2024, the Oil Spill Prevention and Administration (OSPA) Fee increased from nine and one-tenth cents (\$0.091) per barrel to nine and four-tenth cents (\$0.094) per barrel of crude oil, petroleum products, or renewable fuel. The Department of Fish and Wildlife is responsible for determining the OSPA fee based on changes in the California Consumer Price Index.

For more information, please see our special notice *Oil Spill Prevention and Administration Fee: Rate Increase Effective July 1, 2024*, at www.cdtfa.ca.gov/formspubs/L936.pdf. We post current and historical OSPA fee rates on our *Tax Rates—Special Taxes and Fees* webpage, under the *Oil Spill Response, Prevention, and Administration Fees* section at www.cdtfa.ca.gov/taxes-and-fees/tax-rates-stfd.htm#oilspillfee.



New Sales and Use Tax Rates Effective July 1, 2024

New local sales and use tax rates that became effective July 1, 2024, may impact you or your clients' businesses. Additionally, the City of Fort Bragg extended a district tax that was set to expire this year, while the City of Merced replaced one district tax with another district tax at the same rate. The impacted cities and counties are:

DISTRICT TAX RATES CHANGING			
Citywide	New Code	Prior Rate	New Rate
City of Chino (located in San Bernardino County)	A87	7.750%	8.750%
City of Nevada City (located in Nevada County)	A83	8.375%	8.875%
City of Santa Cruz (located in Santa Cruz County)	A91	9.250%	9.750%
City of Westminster (located in Orange County)	A85	8.750%	9.250%
Unincorporated Area	New Code	Prior Rate	New Rate
Santa Cruz County Unincorporated Area	A89	9.000%	9.500%

DISTRICT TAX CODES CHANGING			
Citywide	Prior Code	New Code	Tax Rate
City of Merced (located in Merced County) ¹	483	A93	8.250%

CURRENT DISTRICT TAXES EXTENDED			
County/City	Code	Tax Rate	Expiration Date
City of Fort Bragg (located in Mendocino County) ²	A42	8.875%	NONE

¹ The city approved a new 0.50 percent tax to replace the existing tax of 0.50 percent, which will expire June 30, 2024. A new code is required.

² The existing city tax of 0.50 percent, set to expire on December 31, 2024, was extended indefinitely by voters in the November 2023 election.

Sales Tax Prepayment Rates and Excise Tax Rates on Fuel

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

We are also required to adjust the excise tax rates for motor vehicle fuel and diesel fuel effective July 1 every year by the percentage change in the California Consumer Price Index, as calculated by the California Department of Finance. The excise tax on aircraft jet fuel is not subject to an annual adjustment.

Sales Tax Prepayment Rates—Effective July 1, 2024, through June 30, 2025

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

- Motor vehicle fuel (gasoline) rate remains at \$0.080 per gallon.
- Diesel fuel rate decreased to \$0.445 per gallon (from \$0.500 per gallon).
- Jet fuel rate decreased to \$0.150 per gallon (from \$0.185 per gallon).
- Aviation gasoline—not applicable

Excise Tax Fuel Rates—Effective July 1, 2024, through June 30, 2025

The excise tax fuel rates for motor vehicle fuel, diesel fuel, and jet fuel are as follows:

- Motor vehicle fuel (gasoline) excise tax rate increased to \$0.596 per gallon (from \$0.579 per gallon).
- Diesel fuel excise tax rate increased to \$0.454 per gallon (from \$0.441 per gallon).
- Jet fuel excise tax rate remains at \$0.020 per gallon.
- Aviation gasoline excise tax rate increased to \$0.186 per gallon (from \$0.18 per gallon).

For tax rate information, please visit *Sales Tax Rates for Fuels* at www.cdtfa.ca.gov/taxes-and-fees/sales-tax-rates-for-fuels.htm#motor or the *Fuel Taxes* section on the *Tax Rates—Special Taxes and Fees* webpage at www.cdtfa.ca.gov/taxes-and-fees/tax-rates-stfd.htm.



Certain Used Vehicle Dealers' Filing Frequency Is Changing

Beginning July 1, 2024, the sales and use tax return filing frequency for certain used vehicle dealers was changed from a monthly reporting to a quarterly reporting basis. This will reduce the number of times some dealers need to file a return with us. If your client is an affected dealer that received notification from us that their filing frequency was changed, your client's first quarterly return will include sales made during the third quarter of 2024 (July through September) and is due October 31, 2024. Your client must continue to pay sales tax on their retail sales of vehicles directly to the Department of Motor Vehicles when they submit a motor vehicle registration application. For more information, visit our *New Legislation Affecting Used Vehicle Dealers—Frequently Asked Questions (FAQs)* at www.cdtfa.ca.gov/industry/faqs-for-used-vehicle-dealers.htm.

Taxpayers' Bill of Rights Meeting

The annual Taxpayers' Bill of Rights meeting is an opportunity for the public to provide feedback, make suggestions, or express concerns regarding the tax and fee programs we administer. This year's meeting will be held on August 22, 2024, at 9:30 a.m. at the May Lee State Office Complex Auditorium, 651 Bannon Street, Sacramento, CA 95811. To participate by telephone during the meeting, dial toll-free 1-844-867-6169 and enter access code 5591625#. For more information, visit the *Taxpayers' Bill of Rights Meetings* webpage at www.cdtfa.ca.gov/tra/tbor-meetings.htm.

If you are interested in attending or would like more information about how to participate if you are unable to attend in-person, call the *Taxpayers' Rights Advocate (TRA) Office* at 1-888-324-2798 or visit our website at www.cdtfa.ca.gov/tra/. If you are unable to attend the meeting in person or by telephone, you can submit your suggestions or concerns in writing to the TRA Office via email at taxpayer.rights@cdtfa.ca.gov.

New Industry Guide Available Online

You or your clients can view our new *Tax Guide for Event Planners* at www.cdtfa.ca.gov/industry/event-planners/. This new industry guide will help event planners better understand how tax applies to their businesses by addressing common topics and special scenarios that may relate to you or your client's event planning business.

Our complete list of industry and tax and fee guides is available at www.cdtfa.ca.gov/industry/. We regularly update these guides to ensure information is current. If you or your clients have any suggestions for improving the industry and tax and fee guides, please email us at AIS.IndustryGuides@cdtfa.ca.gov.



Sacramento Office Moved on May 28, 2024

Our Sacramento Office, previously located at 3321 Power Inn Road, Suite 210, Sacramento, CA 95826, has moved and is now located at 651 Bannon Street, Suite 100, Sacramento, CA 95811. The new office can be reached by telephone at 1-916-227-6700 or by email at SacramentoInquiries@cdtfa.ca.gov.

For more information, see special notice *Sacramento Office Moving on May 28, 2024*, at www.cdtfa.ca.gov/formspubs/l938.pdf.

Sacramento Headquarters Moved on July 1, 2024

Our Sacramento Headquarters, previously located at 450 N Street, Sacramento, CA 95814, has moved and is now located at 651 Bannon Street, Suite 100, Sacramento, CA 95811. The telephone number for our Customer Service Center is unchanged and is 1-800-400-7115 (TTY:711). 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 special notice *Sacramento Headquarters Moving on July 1, 2024*, at www.cdtfa.ca.gov/formspubs/l943.pdf.

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