



CDTFA
CALIFORNIA DEPARTMENT OF
TAX AND FEE ADMINISTRATION

Guide to the California Timber Yield Tax

Preface

This publication is intended as a guide to the [California Timber Yield Tax Law](#) and your responsibilities as a timber owner. The timber yield tax is a property tax with a current rate of 2.9 percent. Timber owners must report and pay the tax when they harvest their trees, or “timber.” The Timber Yield Tax Law is administered by the California Department of Tax and Fee Administration (CDTFA). The tax revenue, less administrative costs, is returned to the county where the trees were harvested.

We welcome your suggestions for improving this publication.

Please write to:

Timber Tax Program, MIC:88
California Department of
Tax and Fee Administration
PO Box 942879
Sacramento, CA 94279-0088

- We have used this arrow to mark sections of the publication that address the timber yield tax requirements most often misunderstood by taxpayers. Please take the time to read these marked sections carefully.

Please note: This publication summarizes the law and application regulations in effect when the publication was written, as noted on the cover. However, changes in the law or in regulations may have occurred since that time. If there is a conflict between the text in this publication and the law, the decision will be based on the law and not on this publication.

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Timber Yield Tax Basics

This chapter contains basic information on the timber yield tax, including which harvests and products are taxable, who has the responsibility for paying the tax, how and when the tax applies, and information on the registration process.

General application of tax

The timber yield tax applies to the harvest of forest trees, whether standing or down, for wood products. As a timber owner, you generally owe the timber yield tax when your trees are harvested:

- Regardless of the number of trees removed.
- Whether you sell, give away, trade, or use the trees yourself.
- Whether you have received any money for the trees.
- Whether the trees were burned, diseased, dead, dying, or down.
- Whether the trees were harvested on public or private land (except for Indian tribal lands).
- Whether the land is designated as a Timberland Production Zone or zoned for some other use.

Please note: You owe the tax even though you may have filed an exemption form with the California Department of Forestry and Fire Protection ([Cal Fire](#)). Such “exemptions” refer only to state timber harvest regulations and do not affect your tax liability.

Exceptions

You do *not* owe the timber yield tax if:

- The trees are left lying on the ground, unused.
- You transfer ownership of the timber to a logger or to another person *before* the trees are cut and are, therefore, not the property of the timber owner. For this to apply, you must have a written contract that specifically transfers ownership of the trees to the other party before they are cut down. *Please note:* Most harvest contracts for felling and marketing timber *do not* transfer ownership of the timber before harvest.
- You remove trees from Indian tribal lands.
- You are a tax-exempt organization that does not pay property taxes on the land where the trees are growing.
- Your timber harvest has an immediate harvest value of \$3,000 or less within a quarter. See [Regulation 1024](#).

► You pay tax based on CDTFA-established timber values

The timber yield tax you pay is based on values established by the state for various timber products, as determined by analysis of market transactions in your area. *You do not pay tax based on the amount you receive for your trees or wood products.* CDTFA issues [schedules of timber harvest values](#) twice each year.

Taxable wood products

Taxable wood products include:

- Softwood logs from trees such as cedar, fir, hemlock, pine, redwood, and spruce.
- Other, miscellaneous wood products such as fuel (fire) wood, chipwood, poles and pilings, posts, split products (shingles and shakes), and Christmas trees.
- Hardwood logs from trees such as alder, chinquapin, cottonwood, eucalyptus, madrone, maple, oak, tanoak, and willow.
- Cull logs (logs with less than one-quarter sound, usable wood).

Other products from forest trees, such as branches, burls, cones, and seeds, are not subject to the tax.

In addition, the timber yield tax does not apply to the following:

- Orchard trees (fruits and nuts)
- Nursery stock
- Live Christmas trees sold in containers

► **Timber owner must pay the tax**

As a timber owner, you have the responsibility for filing timber yield tax returns and paying any tax due. This is true even if you made a verbal or written agreement with another person stating that they will pay the tax.

Timber owner, defined

You are considered a timber owner if:

- You own the trees immediately prior to their being felled or harvested; or
- You are the first person or agency (not exempt from property tax) to acquire legal or beneficial rights to timber after felling, when the trees were owned by a state, federal, or other tax-exempt entity. Examples of such agencies are the U.S. Forest Service ([USFS](#)) and Bureau of Land Management ([BLM](#)).

A timber owner can be an individual, government agency, or legal entity such as a partnership, limited liability company, or corporation.

Tax applies when the trees are moved or used

The timber yield tax applies when your trees are cut down and/or moved to any storage or wood processing area, such as a sawmill. If you use the logs yourself, the tax applies when the timber is moved to a storage area somewhere else on your property or when they are put into use, whichever occurs *first*.

CDTFA automatically registers many timber owners

CDTFA receives notice of timber harvest plans filed with [Cal Fire](#) and of federal government agency timber harvest contracts. If you filed harvest forms with Cal Fire or purchased a timber contract from federal agencies such as the USFS or BLM, CDTFA's Timber Tax Program will establish a timber yield tax account for you and assign an account number. You will remain registered with CDTFA—and will be required to file timber yield tax returns—until you notify us that you no longer intend to harvest timber.

Exception: CDTFA will not register the owners of timber harvests that appear to have, in total, an immediate harvest value of \$3,000 or less within a quarter.

Other timber owners must contact CDTFA to register

If you own and harvest timber without authorization from Cal Fire or the federal government, use a timber harvest plan approved for someone else, or sell Christmas trees from a Christmas tree farm, it is your responsibility to contact CDTFA to register for the timber yield tax.

How to register

To register for a timber yield tax account, a seller's permit, and other permits, licenses, or accounts, visit us at onlineservices.cdtfa.ca.gov and under the *Registration* section, select *Register a New Business Activity*. Online registration is a convenient way to register and is available 24 hours a day.

Information required for registration

Whether you are automatically registered or register for a tax account online, you will be asked to furnish the following information:

- The name(s) of the legal timber owner(s)
- Your driver license number
- Your Social Security number
- Your telephone number
- Your mailing address (and county name)
- The type of ownership (individual, partnership, corporation, husband and wife, domestic partner, other)
- Type of harvest products (logs, fuelwood, Christmas trees, other)
- First date of harvesting (cutting the trees)

CDTFA may request additional information necessary to fully complete your registration.

Please note: All information about your account is considered confidential, including your account number and even the fact that you are registered. If you want CDTFA to send forms or information about your account to another party, you will need to give specific written authorization to the Timber Tax Program or complete [CDTFA-392, Power of Attorney](#). Your third-party representative and/or designee can also request a power of attorney after creating a profile using our online services at onlineservices.cdtfa.ca.gov.

Other taxes and regulations

The timber yield tax is a property tax based on the value of your timber and not what was paid for the timber by the mill. Other taxes, including sales tax and state and federal income tax, may apply to your operations. Complying with the requirements of the timber yield tax does not relieve you of your responsibility to comply with other applicable laws, including timber harvest laws and regulations.



Timber Yield Tax Definitions

This section defines some of the terms used in this publication and on timber yield tax forms, Harvest Values Schedules, and returns. Some of the terms may have a different meaning in another context. It is important that you understand the way they are used in this tax program, especially before you complete any tax return forms.

Cull

Unusable portion of a log that is caused by a defect in the log.

Cull log

A log with *less than* one-quarter of its volume made up of sound, usable material. Logs with unsound sapwood are *not* cull logs if they contain one-quarter or more sound, usable material.

Harvest name, sale name, or operation name

Any name associated with a timber sale contract (legal harvesting agreement).

Harvest value/immediate harvest value

The value of trees just before they are harvested, determined by CDTFA and shown on the *Harvest Values Schedule*.

Low-value harvest

A timber harvest with an immediate harvest value of \$3,000 or less within a quarter.

Low-value exemption

The timber yield tax exemption that applies to low-value harvests.

MBF

Thousand board feet (Scribner Short-Log Scale). The standard measure of logs.

Miscellaneous timber products

Products such as Christmas trees, fuelwood, chipwood, poles, posts, split products (shakes and shingles), small sawlogs, and cull logs.

Sawlogs, small

Small sawlogs (SSM) are conifer logs of any species, except coastal redwood, split products, and poles and pilings, where the average net volume per 16-foot log for all sawlogs removed from a timber harvest operation during the reporting quarter is less than 65 board feet, Scribner Short Log Scale.

Scaling

Measuring logs to determine the volume of sound wood.

Scale ticket or mill ticket

A document that shows the volume of wood in logs delivered to a sawmill.

Scribner Short-Log Scale

A method of determining the volume of usable wood in a log, based on a 16-foot log. The standard scaling method authorized by CDTFA for reporting sawlog volume.

Timber harvest operation

A harvest on private land for an entire *Timber Harvesting Plan*, *Notice of Timber Operations*, or *Emergency Notice* (or any combination within the same geographical area), as submitted to Cal Fire; or, a harvest on public land for an entire timber sale contract between a public agency and a purchaser.

Timber Value Area (TVA)

A geographic area of the state having common timber growing, harvesting, and marketing conditions, as defined by CDTFA.

Volume

The quantity of wood in a log or tree.

Volume, adjusted gross

The amount of wood material in a log after deducting for areas where the wood material is missing (used to report cull log volume).

Volume, net

The amount of sound, usable wood material in a log after deducting for areas where wood is missing or defective.



Filing Timber Yield Tax Returns

This chapter contains basic information on timber yield tax return filing requirements, including due dates, and information on penalty and interest charges.

You must file quarterly returns

For most accounts, timber yield tax returns must be filed for each calendar quarter. However, if Christmas trees are the only forest product you harvest, you will file a return on a calendar yearly basis.

The filing date is the last day of the month following the end of the quarter, as shown below.

Quarterly Reporting Period	Due Date
1 January 1 through March 31	April 30
2 April 1 through June 30	July 31
3 July 1 through September 30	October 31
4 October 1 through December 31	January 31

You can file your return online using our online services. Paper timber yield tax returns must be postmarked by the due date. If the due date falls on a Saturday, Sunday, or legal holiday, the next business day is considered the final filing date. If you do not file and/or pay your timber yield tax return by the due date, you may be subject to interest and penalty charges (see [Penalty and interest charges for failing to file and/or pay timely](#)).

► You must file even if you do not harvest timber in a quarter

You must file quarterly timber tax returns as long as you remain registered with CDTFA, even if you do not harvest any timber during a reporting period. If filing using online services, select *No* to the initial question that asks if you harvested this quarter. If filing by paper, a check box on the return allows you to indicate that you did not harvest timber during the period.

If you are reporting only a low-value harvest

You must file a return even if all of your harvests for the reporting period qualify for the low-value exemption. If filing using online services, the system will automatically determine if you qualify for the low-value exemption. If filing by paper, calculate the tax due using [CDTFA-401-APT, Timber Tax Harvest Report](#). If you qualify for the low-value exemption, use the check box on the timber yield tax return form to indicate that all of your harvests qualify for the low-value exemption and that no timber tax is due.

If you will not harvest in the future

If filing using online services, select *No* to the initial question that asks if this is your final return. If filing by paper, another check box on the timber yield tax return form allows you to indicate when you have no further timber harvests to report. If you check this box, your account will be closed. You can reregister at any time.

If you have more than one harvest or cut trees in more than one county or Timber Value Area

Although you will file only one *Timber Tax Return* per quarter, you will need to file a separate *Timber Tax Harvest Report* for each harvest operation, each county, and each timber value area in which you harvest timber. You can file your report and return online using our online services. We also provide:

- Online filing instructions
- Video Tutorial: [How to File a Timber Yield Tax Return and Harvest Report](#)

Harvest Values Schedules are needed to complete your return

Since you do not compute your tax based on the amount of money you received for your trees or timber products, you must reference [CDTFA-401-HVSI, Harvest Values Schedule](#), to determine the proper value with which to calculate the timber yield tax. The *Harvest Values Schedule* instructions provide detailed explanations for the various reporting requirements. The *Harvest Values Schedule* is available online at www.cdtfa.ca.gov/taxes-and-fees/timber-tax.htm#harvest.

Penalty and interest charges for failing to file and/or pay timely

You may owe penalty and interest charges if you do not file a quarterly tax return, if you file after the due date, or if you do not pay the tax you owe by the date it is due.

- Late file penalty – One hundred dollars (\$100) if the tax return is not filed by the due date.
- Late pay penalty – Ten percent of the tax amount due if the tax is not paid by the due date.
- Late file and late pay penalty – Ten percent or one hundred dollars (\$100), whichever is greater, will apply if the tax return is not filed and the tax is not paid by the due date.

Interest accrues on a monthly basis.

Example:

Your first quarter 2022 timber tax return was due on April 30, 2022, but you did not file a timber tax return or pay any tax due for first quarter 2022 until May 15, 2022. Your Timber Tax Return form shows tax due of \$4,500.00. Since your return and payment are late, you owe the greater of \$100.00 or 10 percent of the tax due, which, in this case, is \$450.00 ($\$4,500 \times 10\%$). In addition, you owe interest for one full month. Assuming the annual interest rate is 6%, the monthly factor is .00500 ($6\% \text{ annual rate} \div 12 \text{ months}$). The amount of interest you owe is \$22.50 ($\$4,500.00 \times .00500$). The total amount due with your return is \$4,972.50 ($\$4,500.00 \text{ tax} + \$450.00 \text{ penalty} + \22.50 interest).

Requesting a filing or payment extension

Circumstances beyond your control may cause you to be late in filing your return and/or making your tax payment. If that occurs, you may request an extension, provided you file and pay the amount due *within one month of the due date*. You may request an extension by logging in to your account on CDTFA's secure website with your username and password at onlineservices.cdtfa.ca.gov. If the extension is granted, the penalty will be waived.

Please note: CDTFA cannot waive the interest charge for late payments.

Requesting relief from penalty

If you file and/or pay your timber yield tax after the due date, you may wish to seek relief from penalty. You may request relief by logging into your account on CDTFA's secure website with your username and password at onlineservices.cdtfa.ca.gov.

Filing an amended return

If you discover an error on a previously filed return, you should file an amended return and pay any additional tax, interest, and penalty due. If your error results in a credit, see below for information on how to proceed.

You can amend your return by logging into your account on CDTFA's secure website with your username and password at onlineservices.cdtfa.ca.gov.

- Select the account for which you want to submit an amended return for under the *Accounts* tab.
- Select the period for which you want to submit an amended return for under *Recent Periods* tab.
- Select *File, Amend, or Print a Return* under the *I Want To* column.
- Select *Amend Return* under the *I Want To* column.
- Complete the online tax return with your amended figures.
- Select *Next*.
- Follow the screen prompts to complete the submission process.

Please note: You will not see previous returns filed via paper in your online profile.

If you are unable to amend your return electronically, please do the following:

- Check the "Amended Return" checkbox on the return. If there is no "Amended Return" checkbox to check, then please write "AMENDED RETURN" on the top of the document.
- Write in the correct information that should have been reported on the original return. Use a different color ink to distinguish from the original information if you are using a copy of a previously filed paper return.
- Attach a cover letter explaining the changes made to the original return.
- Make a copy of the amended return for your records.

Mail all documents, including any additional payment owed, to:

California Department of Tax and Fee Administration
P.O. Box 942879
Sacramento, CA 94279-7072

If you overpaid tax

If your amended return shows that you overpaid timber tax, please read [publication 117](#), *Filing a Claim for Refund*, for more information on how to file a claim for refund.

Billing for tax due when return not filed

If, for any reason, you do not file a quarterly timber tax return, CDTFA may bill you for tax we determine you owe for the period, based on the best information available to us, including your filing history. The billing will also include interest and penalty due.

If you believe that the billed amount is wrong or excessive, it is your responsibility to provide evidence showing you owe less tax.

If you refuse to file a return or to furnish information

If you refuse to file a timber yield tax return or furnish information requested by CDTFA, you may be fined up to \$5,000, imprisoned for up to one year in county jail, or both, for each violation. If CDTFA determines that you did not file a return or purposely understated your tax because of fraud or intent to evade the timber yield tax, you will be billed a 25 percent penalty and be subject to criminal prosecution.



Keeping Records

This chapter gives general information on the recordkeeping requirements of the [Timber Yield Tax Law](#). For more detailed information, see [Regulation 1031, Records](#).

Maintaining adequate records

You must maintain adequate and complete records that will back up your timber yield tax returns and make them available to CDTFA upon request. Your records need to show all of the following:

- The contractual or financial agreements related to the ownership and logging of your trees
- The locations of the trees cut
- Wood product volumes
- The basis for computing harvest values

The timber industry customarily uses a variety of items to record this information. Your records may include the following:

- Financial books (ledgers and journals)
- Income tax returns
- Complete harvest plans
- Timber sale contracts
- Bills, receipts, invoices, statements, worksheets, and summaries
- Check stubs
- Scale tickets
- Appraisal notes
- Property maps
- Any other document used in preparing your timber tax return or that can substantiate your return

Records on microfilm or in electronic format

You may maintain your records on microfilm or in an electronic format, provided they meet certain requirements. For more information, see [Regulation 1031, Records](#), or contact CDTFA's Timber Tax Program.

Record retention period

You must generally maintain records for a period of four years from the due date of your quarterly tax return, or the date the return was filed, whichever is later.

If you do not maintain records

If you do not keep and maintain complete and accurate records, CDTFA may consider that as evidence of negligence or intent to evade the timber tax. As previously mentioned, you may be subject to penalties and prosecution.



Audits and Appeals

As noted in the first chapter, CDTFA receives notification of potential logging activity from other state and federal agencies. In addition, Timber Tax Program staff use several methods to verify that timber harvests and tax amounts are properly reported, including review of:

- Tax returns
- Harvest volume information provided by all California sawmills and nearby sawmills in Oregon and Nevada
- Information gathered by Timber Tax Program staff that is used in setting harvest values

Please refer to [publication 76, Audits](#), and [publication 17, Appeals Procedures: Sales and Use Taxes and Special Taxes and Fees](#), for information on CDTFA's audit and appeals processes.



Completing Tax Forms

Calculating tax—the basic formula

The timber tax return (“return”) and timber tax harvest report (“harvest report”) take you through the steps necessary to calculate the amount of timber yield tax that you owe, if any. While there are several preliminary steps, the tax calculation can be simplified as a basic formula:

$$\text{Volume} \times \text{Value} \times \text{Tax Rate} = \text{Tax Due}$$

You will supply the figures for the volume of the trees cut. The value and tax rate are established and provided by CDTFA, although you or your tax preparer must supply some information about the trees cut in order to determine which values apply.

Information needed to complete your return

You will need to have all of the following information on hand as you complete your return:

- Your harvest plan or government contract number
- The harvest, sale, or operation name, if one was used
- The location, including the county, where the trees were cut
- The dates the timber was scaled
- Whether the cutting has been completed
- The number of acres on which the harvest took place
- Current CDTFA [Harvest Values Schedule](#)

In addition, you will need to know this information:

- The species (type) of trees cut (examples: ponderosa pine, redwood, sugar pine, Douglas fir, western red cedar, white fir)
- Whether the cutting was done to green or salvage (dead or dying trees)
- The type of logging system used (the method used to move the trees from the stump to a truck or storage area)
- The volume (quantity) cut and linear footage (scale ticket)

Where to find it

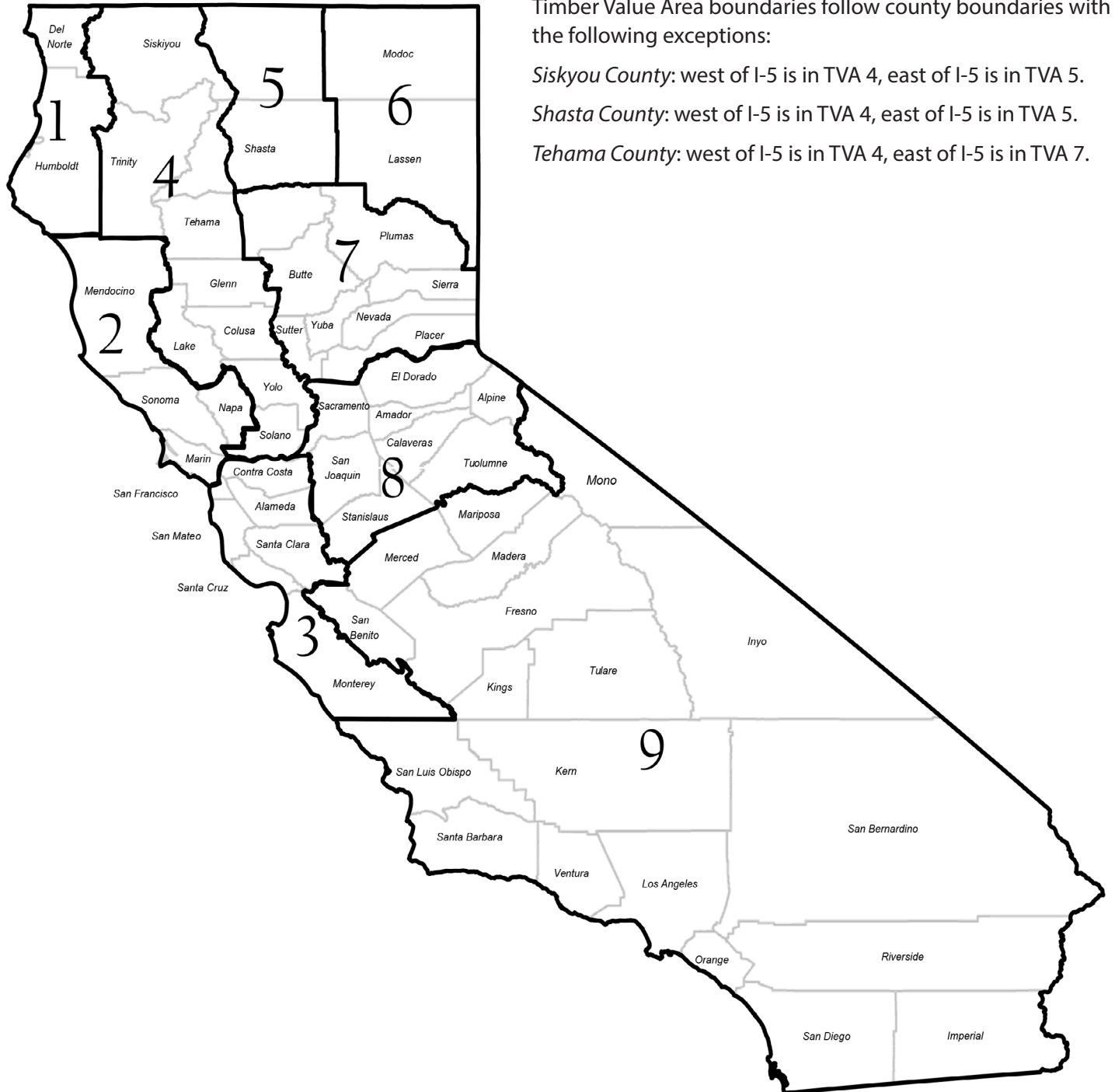
Some of the information will be available from the *Timber Harvesting Plan*, *Exemption Notice*, or *Notice of Emergency Operations* that you filed with [Cal Fire](#) (or from your federal government agency contract). The sawmill or your logger generally provides summaries showing most of the required information.

If you cannot find information you need regarding the salvage classification for the trees cut, the number of acres involved, or the logging system used, you should contact your forester or logger for assistance.



Timber Value Areas

Use this map to determine the timber value area for your harvest (see [page 11](#)).



Timber Value Area boundaries follow county boundaries with the following exceptions:

Siskiyou County: west of I-5 is in TVA 4, east of I-5 is in TVA 5.

Shasta County: west of I-5 is in TVA 4, east of I-5 is in TVA 5.

Tehama County: west of I-5 is in TVA 4, east of I-5 is in TVA 7.

For More Information

General tax information, help with your forms

If you need general information about the timber yield tax, or help completing your timber tax forms, you may also call our Customer Service Center at 1-800-400-7115 (CRS:711). Customer service representatives are available Monday through Friday, from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.

Specific information and tax advice

For specific information about your account, registration, or tax reporting requirements, you may write, call, or fax the:

Timber Tax Program, MIC:88
California Department of
Tax and Fee Administration
PO Box 942879
Sacramento, CA 94279-0088

Telephone: 1-916-309-8051
Fax: 1-916-323-4254

Written advice

You may also visit our website at www.cdtfa.ca.gov.

For your protection, it is best to get tax advice in writing. You may be relieved of tax, penalty, and interest charges if CDTFA determines that it gave you erroneous written advice. For this relief to apply, a request for advice must be in writing, identify the taxpayer to whom the advice applies, and fully describe the facts and circumstances involved.

Publications

CDTFA publishes a variety of [publications](#) that may be of interest to you:

- 17 *Appeals Procedures Sales and Use Taxes and Special Taxes*
- 51 *California Department of Tax and Fee Administration Resource Guide to Free Tax Products and Services for Small Businesses* (includes full publications list)
- 54 *Collection Procedures*
- 70 *Understanding Your Rights as a California Taxpayer*
- 76 *Audits*
- 86 *California Timber Yield Tax—Timber and Timberland Values Manual* (introductory brochure)

Information on our website—www.cdtfa.ca.gov

Online services including return filing instructions and a video tutorial on [How to File a Timber Yield Tax Return and Harvest Report](#).

Taxpayers' Rights Advocate

If you have been unable to resolve a conflict with CDTFA through regular channels or would like to know more about your rights under the Timber Yield Tax Law, please contact the [Taxpayers' Rights Advocate](#) for help:

Taxpayers' Rights Advocate, MIC:70
California Department of
Tax and Fee Administration
PO Box 942879
Sacramento, CA 94279-0070

Toll-free: 1-888-324-2798
Telephone: 1-916-324-2798
Fax: 1-916-323-3319

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