

Cannabis Business Tax Guidelines Registration and Remittance



Welcome to Nevada County Cannabis Tax

The County of Nevada Treasurer & Tax Collector understands the importance of supporting business success. We are mindful that reviewing, understanding, and reporting all required documents for the cannabis taxation can be overwhelming. Our office is available to you and will guide you through the cannabis taxation process. Our goal is to provide information that is easily accessible, which will not only assist you in understanding your tax obligations but help you avoid simple filing mistakes. This guide provides the information that we believe is important to you in managing your tax obligations. We have organized this guide to address the general needs of all cannabis tax payers. Please feel free to reach out to us at any time for further clarification, or with any questions or concerns.

Who needs to Complete and Pay Cannabis Tax Returns?

Measure G, the cannabis tax ballot measure, went into effect in Jan. 1, 2019 for the taxation of all commercial cannabis activities in the County of Nevada unincorporated areas. If you own a cannabis business located in the unincorporated area, or if you conduct cannabis-related transactions in the unincorporated area, then you are required to file a tax return. For additional clarification, please visit the cannabis ordinance located on the Treasurer & Tax Collector's website.

What is included with Cannabis Tax Return Filing and Payment?

Cannabis businesses will need to register annually with this office. The annual registration form can be found on our website. This form provides us information of the cannabis business, such as business name, mailing address, email and phone numbers where we can contact you and information about the location of the business, assessment number, permit type, square footage and the number of cycles. We use this registration form to enter your business into our system and produce a certificate of tax compliance for you to display. In addition to the annual registration, each cannabis business must submit quarterly returns, even if no gross receipts are reported. These quarterly forms are required to be submitted, along with your quarterly METRC report with payment of quarterly tax (if any due), to the Tax Collector's Office by the quarterly filing dates. There is a fill-in form on the website that will calculate tax due based on due dates and gross receipts reported. The tax rate is 2.5% of gross receipts. The County cannot accept a tax filing without payment in full. Penalties and interest will accrue until full payment is received. The Cannabis Tax Return form should be filled in completely and signed by the legal officer of the company.

On an annual basis, this office will use these quarterly reports to perform an annual true-up to the set minimums based on cycles and square footage that are authorized in the Ordinance. It is important for us to know the number of grow cycles and the square footage per grow cycle so we can properly true-up the minimums on an annual basis. This information is included in your annual registration. If the number of cycles or the

square footage of each cycle differs from what was initially reported, you will need to complete a revised registration that denotes what has occurred over the previous year. For the true-up process, we will look at overall square footage per cycle and combine multiple cycles to allow for more fairness in how the law is applied. For instance, if said business has 4 cycles of 300 square feet, that minimum will be 1 cycle of 1200 square feet, or a set minimum of \$1,250.

How to Report Quarterly Cannabis Tax Returns?

Please visit our website for electronic or use the attached cannabis tax reporting form completing the necessary fields in the form. The information below can be used for a general reference of the required information. Please always refer back to the Cannabis Tax Ordinance 2456 for your legal guide.

Cannabis Tax Calculations - Cannabis taxes are calculated at 2.5% of gross receipts based on the fiscal year quarterly periods below:

1st Quarter – July 1st through September 30th
2nd Quarter – October 1st through December 31st
3rd Quarter – January 1st through March 31st
4th Quarter – April 1st through June 30th

Cannabis Quarterly tax returns and payments for the quarters listed above are due postmarked by the dates listed below. The additional 30 days to report and remit are allowed so that all receipts for that time period can be accounted for.

1st Quarter – October 31st
2nd Quarter – January 31st
3rd Quarter – April 30th
4th Quarter – July 31st

The quarterly forms available online are set up for ease of reporting. You are required to provide basic business information, the reporting period being submitted, gross receipts and date paid. The form will calculate the tax due (2.5% of gross receipts) and any penalties and interest that might apply based on due dates and date when tax is actually paid.

For example, if you had 6, \$1,000 sales over the time period July 1 through September 30, 2019, you would report gross receipts of \$6,000. The form would automatically calculate the tax due at 2.5% of \$6,000 or \$150. If the payment is made by October 31, 2019, the date paid would be Oct. 31, 2019 and no penalties or interest is applied. If the date paid is after October 31, 2019 for 1st quarter remittance, penalties and interest will be applied in accordance with the date paid. For instance, if paid in November, a 10% penalty is automatically calculated in addition to 1.5% interest. If paid in December 2019, an additional 10% penalty and 2 months of interest is applied.

We suggest that you review your return in detail and cross check all details for completeness and accuracy. Please contact the Tax Collector's office should you have any questions or concerns so that you have ample time to process the completed return.

Payments must include the signed quarterly reporting form and the quarterly METRC data showing product that was transferred and traced at the State level and can be made in person or through the mail. We will accept payment by cash, check or credit card. We are currently working on online payment methods. If you are remitting your tax by cash, we require that you call us at 530-265-1285 to request an appointment. Appointments are limited based on availability. Should you need any escort assistance or other accommodations, please contact us 2 days in advance so that we may accommodate.

Please mail payments to:
Nevada County Tax Collector
PO Box 128
Nevada City CA 95959

For in-person payments:
Nevada County Tax Collector
950 Maidu Ave Suite 290
Nevada City CA 95959
Days of Operation - Monday through Friday Hours of Operation - 8:00 AM to 5:00 PM

Why Report and Pay Cannabis Taxes?

Reporting and paying taxes is an integral part of commercial business activities and contributes to the community that it operates in. All cannabis taxes are subject to significant penalties and interest resulting from non-compliance by failure to report. The Tax Collector has the right to audit records to verify that reported amounts are accurate and complete.

Please see the below additional useful information.

Our website is located at <https://www.mynevadacounty.com/2652/Cannabis-Business-Tax>

Please submit questions related to cannabis business taxes to tcc@co.nevada.ca.us

Should you not receive a response in 48 hours, please contact the below:

Tina Vernon
Treasurer & Tax Collector
530-265-1704
Tina.Vernon@co.nevada.ca.us