

CANNABIS BUSINESS TAX

REGISTRATION AND REMITTANCE GUIDELINES



Cannabis Business Tax Requirements

How to Stay in Compliance – Quick Reference Guide

1 SUBMIT REGISTRATION FORM

- Due upon receiving a state license.
- Due annually at the start of each fiscal year on July 1.
- Due if any business changes occur and need to be updated.

2 FILE QUARTERLY TAX RETURNS

- Due by the due date each quarter.
- Must include METRC data (e.g. transfer report or transportation manifest).
- Must include payment in full if any taxes are due.

3 MEET ANNUAL MINIMUM TAX

- File a tax return each quarter and pay any taxes due.
- If quarterly payments satisfy the minimum tax due for the fiscal year, you will not receive an invoice.
- If quarterly payments do not satisfy the minimum tax due for the fiscal year, you will receive an invoice for the remaining balance due.
- Invoices will be sent out after the close of the fiscal year.
- Pay the balance due by the due date on the invoice to avoid additional fees.

Have Questions or Need Assistance?

For questions or assistance relating to Nevada County Cannabis Business Taxes, you may contact us at CannabisTax@co.nevada.ca.us or call us at (530) 265-1285. We are available to assist you Monday through Friday from 8:00am to 5:00pm, excluding holidays.

Visit our Website

You can find the most current information, forms and additional resources on our website at www.MyNevadaCounty.com/2652/Cannabis-Business-Tax.

WELCOME TO NEVADA COUNTY CANNABIS BUSINESS 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 taxpayers. Please feel free to reach out to us at any time for further clarification, or with any questions or concerns.

WHO NEEDS TO FILE CANNABIS BUSINESS TAX RETURNS?

Beginning January 1, 2019, every person who is engaged in commercial cannabis cultivation, excluding nurseries, in the unincorporated area of the County shall pay a cannabis business tax set at a rate of 2.5% of Gross Receipts (fixed until July 2021). The 2.5% Gross Receipt tax is due to the County on all transactions entered into by such a business whose situs address is located in the unincorporated area, regardless of where the sale transaction occurs. The IRS defines Gross Receipts as, “the total amounts the organization received from all sources during its accounting period, without subtracting any costs or expenses.”

HOW TO PAY TAXES

1. Pay online at www.MyNevadaCounty.com/2652/Cannabis-Business-Tax
2. Mail checks to PO Box 128, Nevada City, CA 95959
3. Use the drop box located at 950 Maidu Ave, Nevada City, CA 95959
4. For cash payments, please call (530) 265-1285 to schedule an appointment

HOW TO SUBMIT FORMS

1. Email forms to CannabisTax@co.nevada.ca.us
2. Mail forms to PO Box 128, Nevada City, CA 95959
3. Use the drop box located at 950 Maidu Ave, Nevada City, CA 95959
4. Fax forms to (530) 265-9857
5. Bring forms with you to a cash payment appointment

ANNUAL REGISTRATION

Cannabis businesses will need to register with this office each year. The Cannabis Business Tax Registration Form can be found on our website. The form provides us with important information relating to the cannabis business and is used to enter your business into our system and produce a certificate of tax compliance for you to display. The form also provides us with information needed to determine the minimum cannabis business tax due each fiscal year.

ANNUAL REGISTRATION DUE DATE

Cannabis businesses need to submit a Cannabis Business Tax Registration Form upon receiving a state license and annually thereafter in July when the new fiscal year begins. Additionally, cannabis businesses need to submit a revised Cannabis Business Tax Registration Form if any changes to the business occur during the year.

QUARTERLY TAX RETURNS

A Cannabis Business Tax Quarterly Return form and METRC data must be submitted by the due date each quarter, even if no sales occur. If sales do occur, then payment in full must also be submitted. The County cannot accept a tax filing without payment in full. Penalties and interest will accrue until full payment is received. The Cannabis Business Tax Quarterly Return should be filled in completely and signed by the legal officer of the company. An additional 30 days to report and submit forms and payment is allowed so that all receipts for the quarter can be accounted for.

QUARTERLY REPORTING PERIODS AND DUE DATES

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

**If the due date falls on a weekend, returns will be due the following business day.*

WHAT MUST BE SUBMITTED EACH QUARTER?

1. Cannabis Business Tax Quarterly Return form.
2. METRC data (e.g. transfer report or transportation manifest).
3. Payment in full for any taxes due (with penalties and interest, if applicable).

WHAT IF NO SALES OCCUR?

Cannabis businesses are required to submit a Cannabis Business Tax Quarterly Return with METRC data by the due date each quarter, even if no sales occur.

PENALTIES AND INTEREST FOR DELINQUENT TAXES

In accordance with Ordinance 2456, when taxes are not paid on or before the due date penalties and interest are applied and will accrue until full payment is received.

WHY REPORT AND PAY CANNABIS BUSINESS TAXES?

Reporting and paying taxes is an integral part of commercial business activities and contributes to the community in which it operates. All cannabis taxes are subject to significant penalties and interest resulting from non-compliance. Failure to comply with regulations may also result in fines and disciplinary actions. For more information on local requirements, refer to Ordinance 2456. For more information on state requirements, refer to the Medicinal and Adult-Use Cannabis Regulation and Safety Act.

ANNUAL MINIMUM CANNABIS BUSINESS TAX

In addition to the tax base rate of 2.5% of Gross Receipts, Ordinance 2456 also established that persons engaging in permitted commercial cannabis cultivation shall not pay less than the following amounts. Minimum tax is based on number of grow cycles each fiscal year and the square footage of each grow cycle, which are reported on the Cannabis Business Tax Registration Form.

1. **A minimum tax of \$1,250.00** per growing cycle, each fiscal year, for persons cultivating less than or equal to 2,500 square feet of cannabis canopy.
2. **A minimum tax of \$2,500.00** per growing cycle, each fiscal year, for persons cultivating more than 2,500 square feet but less than or equal to 5,000 square feet of cannabis canopy.
3. **A minimum tax of \$5,000.00** per growing cycle, each fiscal year, for persons cultivating more than 5,000 square feet of cannabis canopy.

ANNUAL MINIMUM TAX TRUE-UP PROCESS

Minimum tax is based on number of grow cycles each fiscal year and the square footage of each grow cycle, which are reported on the Cannabis Business Tax Registration Form. Minimum tax due will not change based on sales. However, all quarterly payments received will count towards the minimum due for that fiscal year. At the end of the fiscal year, the Tax Collector's office will perform an annual true-up to the set minimums based on cycles and square footage that are authorized in the Ordinance. The true-up process will look at overall square footage per cycle and combine multiple cycles to allow for more fairness in how the law is applied. For example, if a business has 4 cycles of 300 square feet per cycle, that minimum will be 1 cycle of 1200 square feet, or a set minimum of \$1,250. 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 during this process. This information is reported to us on your Cannabis Business Tax Registration Form. 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 Cannabis Business Tax Registration Form that denotes what has occurred over the previous year.

ANNUAL MINIMUM TAX DUE DATE

If it is determined through the true-up process that the annual minimum tax has not been met through quarterly payments, then the Tax Collector's office will send an invoice to the cannabis business for the remaining balance due. The balance due must be paid by the due date on the invoice to avoid additional fees.