



The City of Palm Springs Cannabis Tax

July 10th



Agenda

- Cannabis Tax Law
- Updated Tax Form
- Late Tax Returns
- Questions





Cannabis Taxes Under the Municipal Code





Cannabis Tax is not a Sales Tax § 3.42.080

The taxes provided for under this chapter are excises on the privilege of doing business in the City and legally incident on those engaged in such business. It is **not a sales or use tax and shall not be calculated or assessed as such**. Nevertheless, at the option of the taxpayer, the **tax may be separately identified on invoices, receipts and other evidences of transactions**.



Gross Receipts Tax § 3.42.030

There is hereby **imposed on every cannabis business** in the City a cannabis industry tax at a rate established from time to time by resolution of the City Council that shall not exceed 15% of **gross receipts**. The sole exception to this tax upon gross receipts shall be cannabis cultivation businesses, which are subject to the tax defined in Section 3.42.040. The tax imposed under this section shall be due and payable as provided in section 3.42.100. As noted in section 3.42.040, cultivators shall pay a cultivation tax in lieu of this gross receipts tax.



Gross Receipts Definition

§ 3.42.020

Gross Receipts - Except as otherwise specifically provided in this code or by regulation authorized by this code, "**gross receipts**" means the total amount actually received or receivable from all sales; the total amount or compensation actually received or receivable for the performance of any act or service, of whatever nature, for which a charge is made or credit allowed, whether or not such act or service is done as a part of or in connection with the sale of materials, goods, wares or merchandise; discounts, rents, royalties, fees, commissions, dividends, and gains realized from trading in stocks or bonds, however designated. Included in "gross receipts" shall be all receipts, cash, credits and property of any kind or nature, without any deduction or set off therefrom on account of the cost of the property sold, the cost of materials used, labor or service costs, interest paid or payable, or losses or other expenses whatsoever.



Taxable Items - Summary

- The Tax rates are applicable to the gross receipts on the business. This includes all items sold by a cannabis business.
- The state excise tax is no longer taxable on the city cannabis tax returns.
- Discounts reduce the taxable gross receipts amount.



Taxable Items - Example

- Taxable Items:
 - Henge Gummy Bears (After Discount)
 - Stone-Henge Tee Shirt
- The taxable amount in this example is the \$34.80.

Stoned-Henge (Example Business)

Palm Springs, CA 92262

Order: 123456

Cashier: John Doe

Henge Gummy Bears - Peach (0.050g)	\$33.00
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Category: Cannabis Edible

Batch: 1758r

I'm a Gummy Bear promo	-\$13.20
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Stoned-Henge Tee Shirt	\$15.00
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Subtotal	\$34.80
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Excise Tax – 15%	\$5.22
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Sales Tax – 9.25%	\$3.86
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Palm Springs Gross Receipts Tax – 5%	\$1.74
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Total	\$45.62
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Updated Tax Form



Updated Tax Form

- In May 2024, an updated tax form was released to reflect the updated taxes.
- Please provide a POS summary report with every tax filing that support the numbers in box 1

BUSINESS NAME: _____ FEIN: _____

PERMIT NUMBER (APPLICATION CASE NUMBER): _____

REPORTING PERIOD (MONTH/YEAR): _____

*** PER PSMC 3.42.100 PAYMENT OF TAX ON CANNABIS BUSINESS OR ACTIVITY FROM ANY ONE CALENDAR MONTH IS DUE TO THE TAX ADMINISTRATOR ON OR BEFORE THE LAST BUSINESS DAY OF THE FOLLOWING MONTH; OTHERWISE, PENALTY OF TWENTY-FIVE PERCENT (25%) PER MONTH WILL APPLY FOR UP TO 2 MONTHS.**

1.	GROSS RECEIPTS FOR THIS PERIOD - FOR THIS LOCATION: LOCATION NAME: _____ MULTIPLE LOCATIONS* *COMPLETE AND SUBMIT ONE REMITTANCE FORM PER LOCATION	1.A. RETAIL SALES: \$ _____	
		1.B. MANUFACTURING: \$ _____	
		1.C. DISTRIBUTION: \$ _____	
		1.D. TESTING: \$ _____	
		1.E. TOTAL AMOUNT \$ _____	
2.	TAX DUE FOR THIS PERIOD - • MULTIPLY RETAIL SALES LINE 1.A. BY .05* • MULTIPLY MANUFACTURING LINE 1.B. BY .02 • MULTIPLY DISTRIBUTION LINE 1.C. BY 0 • MULTIPLY TESTING LINE 1.D. BY 0	2.A. RETAIL SALES: \$ _____	
		2.B. MANUFACTURING: \$ _____	
		2.C. DISTRIBUTION: \$ _____	
		2.D. TESTING: \$ _____	
		2.E. TOTAL AMOUNT \$ _____	
3.	LATE PAYMENT PENALTY (25% PER MONTH, UP TO 2 MONTHS): MULTIPLY LINE 2.E BY .25 per month late	Number of Months Late: _____	\$ _____
4.	TOTAL (ADD LINE 2.E. + LINE 3):		\$ _____
5.	Interest (1% PER MONTH) ON TAX, FEES, & PENALTIES: MULTIPLY LINE 4 BY .01	Number of Months Late: 0	\$ _____
6.	TOTAL AMOUNT DUE (ADD LINE 4 + LINE 5):		\$ _____

***For any cannabis retail business that is delinquent in the payment of its Palm Springs cannabis tax for more than one (1) month, the following rate shall apply to that business for so long as such business has not paid its Palm Springs cannabis tax, including any penalties and interest thereon: Ten percent (10%) of gross receipts.**

ADDITIONAL COMMENTS / ATTACHMENTS: _____

OFFICE USE ONLY

REMITTANCE RECEIVED BY (1) _____ (2) _____ DATE _____



Updated Tax Form - POS Summary Report

- Please provide support for all amounts listed in box 1A through 1D
- The amount in the support should match the Tax Return

Closing report

04/01/2024 12:00 AM - 04/30/2024 11:00 PM

Income summary		Payment summary		Other summaries	
Gross sales:	\$167,380.20	Cash:	\$87,084.00	Category summary	
Discounts:	(\$86,636.74)	Debit:	\$14,965.00	Accessory:	
Returns:	\$0.00	Total Payments:	\$102,049.00	Concentrates:	
Revenue fees:	\$0.00	Cash activity		Edibles:	
Net sales:	\$80,743.46	Starting balance:	\$0.00	Flower:	

* PER PSMC 3.42.100 PAYMENT OF TAX ON CANNABIS BUSINESS OR ACTIVITY FROM ANY ONE CALENDAR MONTH IS DUE TO THE TAX ADMINISTRATOR ON OR BEFORE THE LAST BUSINESS DAY OF THE FOLLOWING MONTH; OTHERWISE, PENALTY OF TWENTY-FIVE PERCENT (25%) PER MONTH WILL APPLY FOR UP TO 2 MONTHS.

1. GROSS RECEIPTS FOR THIS PERIOD - FOR THIS LOCATION: LOCATION NAME: [REDACTED] MULTIPLE LOCATIONS* *COMPLETE AND SUBMIT ONE REMITTANCE FORM PER LOCATION	1.A. RETAIL SALES:	\$ 80,743.46
	1.B. MANUFACTURING:	\$ 0.00
	1.C. DISTRIBUTION:	\$ 0.00
	1.D. TESTING:	\$ 0.00
	1.E. TOTAL AMOUNT	\$ 80,743.46
2. TAX DUE FOR THIS PERIOD - • MULTIPLY RETAIL SALES LINE 1.A. BY .05* • MULTIPLY MANUFACTURING LINE 1.B. BY .02 • MULTIPLY DISTRIBUTION LINE 1.C. BY 0 • MULTIPLY TESTING LINE 1.D. BY 0	2.A. RETAIL SALES:	\$ 4,037.17
	2.B. MANUFACTURING:	\$ 0.00
	2.C. DISTRIBUTION:	\$ 0.00
	2.D. TESTING:	\$ 0.00
	2.E. TOTAL AMOUNT	\$ 4,037.17



Late Tax Return





Late Tax Return – 5% or 10%

Resolution NO. 25185

A: At the rate of five cents (\$0.05) for each dollar (or portion thereof) of the gross receipts of such retail business.

B: The rate established (5% tax) shall apply to the gross receipts of cannabis retail businesses from and after May 1, 2024.

C: For any cannabis retail business that is delinquent in the payment of its' Palm Springs cannabis tax for more than one (1) month, the following rate shall apply to the that business for so long as such business has not paid its Palm Springs cannabis tax, including any penalties and interest thereon: Ten Percent (10%) of gross receipts.



Late Tax Return – Example

If a July Tax Return is filed:

- In August (On time)
 - 5% tax on gross receipts
 - *\$5 in tax for every \$100 in gross receipts*
- In September (1 Month Late)
 - 5% Tax on gross receipts, 25% Penalty on tax, 1% Interest on Tax & Penalty
 - *\$6.31 in tax for every \$100 in gross receipts*
- In October (2 Months Late)
 - 10% Tax on gross receipts, 50% Penalty on tax, 2% Interest on Tax & Penalty
 - *\$15.30 in tax for every \$100 in gross receipts*
- An additional 1% interest for each month late after October.

Note: Once a tax return is deemed delinquent, all subsequent tax returns will be taxed 10% until the delinquency is cleared



Q&A session

Finance Cannabis

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