



Special Notice

1-19-10 #16
Louis Arthis

STATE BOARD
OF EQUALIZATION

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SACRAMENTO, CA 95814

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BOE WEBSITE AND
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INFORMATION
www.boe.ca.gov

TAXPAYER INFORMATION
SECTION
800-400-7115
TDD/TTY
800-735-2929



Important Information for Sellers of Medical Marijuana

If you sell medical marijuana, your sales in California are subject to tax and you are required to hold a seller's permit. If you do not obtain a seller's permit prior to the date the first tax return is due, you are subject to penalty and interest charges. Persons who make sales without a seller's permit are also generally subject to an eight-year look-back period.

In February 2007, a *special notice* clarifying the application of tax to sales of medical marijuana was made available to marijuana sellers in California as part of the Board of Equalization's (BOE) education outreach efforts. The notice informed marijuana sellers of their seller's permit and tax reporting requirements under the California Sales and Use Tax Law. Due to the growth in the number of medical marijuana sellers and the failure by a number of such sellers to obtain seller's permits, this notice is being sent to all known marijuana sellers as a reminder of your registration and tax reporting requirements.

If you have a tax liability from prior periods, contact the BOE field office assigned to your account. A list of field offices is available at www.boe.ca.gov/info/phone.htm. We have programs to assist you in paying your tax liabilities.

Installment Payment Agreements (IPA). If you obtained your seller's permit, filed all of your sales and use tax returns, and are encountering financial difficulties, you may be eligible for an installment payment agreement.

The IPA program allows for payment of a debt in smaller, more manageable amounts. An IPA generally requires you to make equal monthly payments until the liability is satisfied and may prevent or delay some collection actions. The amount of the installment payment is based on the amount owed and your ability to pay that amount.

Offer in Compromise (OIC) Program. The BOE also offers an OIC program where those who qualify may propose paying a lesser amount to satisfy their tax liabilities. The OIC program is generally available to taxpayers that do not have the income, means, or assets to pay their liability in full. While in the past the OIC program was available only to taxpayers who were no longer involved in the business that generated the liability, it was expanded last year to allow, under certain circumstances, taxpayers to participate when they remain in business and have an audit liability with the BOE.

One of the requirements for participation in the OIC program is that you did not collect tax from your customers. You may meet this requirement if you have not registered for a seller's permit and have a tax liability from a BOE audit or billing. More information regarding qualification and application for the OIC program is available on our website at www.boe.ca.gov/oic/oicomp.htm.

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of Medical
Marijuana***

For information regarding your seller's permit requirements, please contact one of our field offices, or call our Taxpayer Information Section at 800-400-7115 (TDD/TTY 800 735-2929). Staff is available to assist you from 8:00 a.m. to 5:00 p.m., Pacific time, Monday through Friday, except state holidays.

If you would like to know more about your rights as a taxpayer or if you have not been able to resolve a problem through normal channels (for example, by speaking to a supervisor), please see publication 70, *Understanding Your Rights as a California Taxpayer*, or contact the Taxpayers' Rights Advocate Office for help at 916-324-2798 (or toll-free, 888-324-2798). Their fax number is 916-323-3319. If you prefer, you can write to: Taxpayers' Rights Advocate, MIC:70; State Board of Equalization; P.O. Box 942879; Sacramento, CA 94279-0070.

