

Cannabis Business Tax Registration Certificates

Beginning January 1, 2018 business taxation of cannabis activities will change from the sole taxation of medical marijuana sales to include all facets of cannabis business operations. The existing L050 Medical Marijuana business tax classification will cease to exist on this date and will be replaced by the following tax classifications:

Classification	Activities Taxed	Tax Rate
L701 – Medical Cannabis Sales	All sales related to medical use cannabis by Retail or Microbusiness operations.	\$50 per \$1,000 in Gross Receipts
L702 – Adult-Use Cannabis Sales	All sales related to adult or recreational cannabis use by Retail or Microbusiness operations.	\$100 per \$1,000 in Gross Receipts
L703 – Cannabis Transportation	Transportation or delivery of cannabis products.	\$10 per \$1,000 in Gross Receipts
L704 – Cannabis Testing	Activities related to the testing of cannabis products.	\$10 per \$1,000 in Gross Receipts
L706 – Cannabis Cultivation	Wholesale sales related to the cultivation of cannabis.	\$20 per \$1,000 in Gross Receipts
L708 – Cannabis Miscellaneous	Sales related to all other cannabis activities such as manufacturing and packaging.	\$20 per \$1,000 in Gross Receipts

The taxation of these activities will be done initially on a quarterly basis starting in January 2018 and then move to a monthly reporting basis in July 2019. Activities related to the 1st quarter of 2018 (January, February, March) and the 2nd quarter of 2018 (April, May, June) will be both due on July 1, 2018. Following quarters will be due after the last day of that quarter. For example the 3rd quarter of 2018 (July, August, September) will be due October 1, 2018. The Office of Finance will mail renewal forms for each taxable activity the month prior to the start of the quarter. The renewals for the first two quarters of 2018 will be mailed in March 2018.

For more information about these business tax classifications please refer to the Los Angeles Municipal Code sections 21.51 and 21.52 which can be found at http://www.amlegal.com/codes/client/los-angeles_ca/.

The Office of Finance will mail tax certificates for each classification within 3 to 4 weeks after their initial registration. Please note that these business tax registrations certificates (BTRC's) are for the purpose of business tax compliance and are not a license or permit to engage in commercial cannabis activity and its issuance does not indicate compliance with Los Angeles City ordinances 185343 and 185344.