



# COUNTY OF NEVADA

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[www.nevadacountyca.gov/2652/Cannabis-Business-Tax](http://www.nevadacountyca.gov/2652/Cannabis-Business-Tax)

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## Cannabis Business Tax FAQs

The information below is intended to give a broad overview of the local Cannabis Business Tax requirements. The legal requirements are established in Ordinance No. 2456 of the County of Nevada and should be consulted to ensure compliance.

## Annual Registrations & Business Tax Certificates

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**Q – Why do I need to register with the Tax Collector’s office?**

**A –** It is a requirement per Ordinance 2456. The registration form provides us with important information about your business and is used to enter the business into our system and produce a certificate of tax compliance. The form also provides us with the information needed to determine the minimum tax due each fiscal year.

**Q – When do I need to register with the Tax Collector’s office?**

**A –** You must submit a registration form upon receiving a state license or county permit, whichever is first, and then every year thereafter on or before July 31.

**Q – How do I submit a registration form?**

**A –** You can submit your registration form by going to our website and completing the online form, which is submitted to us electronically, or you can complete the PDF form and submit that to us via email, regular mail, or by using our drop box.

**Q – What if circumstances change after I register (I don’t grow as much, sq. footage changes, I have crop loss, etc.?)**

**A –** You will need to submit an updated registration form if changes occur.

## Quarterly Reporting & Tax Payments

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**Q – When do I need to report and pay cannabis taxes?**

**A –** Each quarter, you are required to submit a tax return, METRC data and payment in full (if applicable) by the due date. Penalties and interest will accrue until full payment is received.

**Q – What do I need to submit each quarter?**

**A –** You must submit your tax return, METRC data (e.g., Transportation Manifest or Transfer Report showing the product was transferred and traced at the state level), and payment in full (if applicable) each quarter.

**Q – What are the quarterly reporting periods and due dates?**

**A – 1<sup>st</sup> Quarter** (July 1 through September 30) – due by October 31

**2<sup>nd</sup> Quarter** (October 1 through December 31) – due by January 31

**3<sup>rd</sup> Quarter** (January 1 through March 31) – due by April 30

**4<sup>th</sup> Quarter** (April 1 through June 30) – due by July 31

**Q – What if no sales occur, do I still need to submit a quarterly tax return?**

**A –** Yes, you are required to submit a tax return each quarter regardless of sales. If no sales occur, you will report \$0 in gross receipts.

**Q – How do I submit a quarterly tax return?**

**A –** You can submit your quarterly tax return and METRC data on our website by completing the online form and uploading your documents, which is submitted to us electronically, or you can complete the PDF form and submit the documents to us via email, regular mail, or by using our drop box.

**Q – How can I pay taxes?**

**A –** You can pay online by going to our website, or you can mail a check, pay with cash in our office, or drop off a check in our drop box.

**Q – Are payment plans be available?**

**A –** Payment plans are not currently available. All tax payments must be received in full at the time of filing. The County cannot accept a tax return without payment in full.

## **Penalties & Interest**

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**Q – When are taxes considered delinquent?**

**A –** If taxes are not postmarked or received on or before the applicable due date, they will be deemed delinquent, and penalties and interest will be applied.

**Q – What are the penalty and interest rates?**

**A –** Per the Ordinance, penalties and interest are as follows:

1. A penalty equal to ten percent (10%) of the amount of the tax, in addition to the amount of the tax, plus interest on the unpaid tax calculated from the due date of the tax at the rate of one and one-half percent (1.5%) per month.
2. If the tax remains unpaid for a period exceeding one calendar month beyond the due date, an additional penalty equal to ten percent (10%) of the amount of the tax, plus interest at the rate of one and one-half percent (1.5%) per month on the unpaid tax and on the unpaid penalties.
3. Interest shall be applied at the rate of one and one-half percent (1.5%) per month on the first day of the month for the full month and will continue to accrue monthly on the tax and penalty until the balance is paid in full.

## **Annual Minimum Tax**

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**Q – What is the annual minimum tax?**

**A –** Per Ordinance 2456, persons engaging in permitted commercial cannabis cultivation shall not pay less than the following amounts. The minimum tax is based on the number of grow cycles each fiscal year and the square footage of each grow cycle, which are reported on the 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.

**Q – How do I know if I met my annual minimum?**

**A –** At the end of the fiscal year (which goes from July 1 – June 30), the Tax Collector's office will perform an annual true-up process. We will look at the square footage per cycle, and the number of cycles, and combine multiple cycles to allow for more fairness in how the law is applied. If it is determined

that the annual minimum tax has not been met through quarterly payments, the Tax Collector's office will send an invoice to the cannabis business for the remaining balance due.

**Q – When is the annual minimum tax due?**

**A –** If you do not satisfy the annual minimum tax with your quarterly tax payments, you will receive an invoice after the fiscal year ends (on June 30) for any remaining balance. The balance due must be paid by the due date on the invoice to avoid additional fees.

## Non-Compliance

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**Q – What if a business fails to comply?**

**A –** Failure to comply with regulations may result in fines and disciplinary actions.

1. For requirements, refer to *Ordinance No. 2456 of the Board of Supervisors of the County of Nevada*: <https://www.mynevadacounty.com/DocumentCenter/View/29779/ORD-2456-Cannabis-Business-Tax>
2. For state requirements, refer to the *Medicinal and Adult-Use Cannabis Regulation and Safety Act*: [https://leginfo.legislature.ca.gov/faces/codes\\_displayexpandedbranch.xhtml?tocCode=BPC&division=10.&title=&part=&chapter=&article](https://leginfo.legislature.ca.gov/faces/codes_displayexpandedbranch.xhtml?tocCode=BPC&division=10.&title=&part=&chapter=&article)

## Growing Cycles

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**Q – How does the County define a growing cycle?**

**A –** A “growing cycle” means the life of a Cannabis plant grown from seed, clone or start to maturity, at which point the plant is harvested for flower or byproducts to dry, cure grade, trim, or package for retail of wholesale.

**Q – If product that is grown and harvested is not sold for several months (or longer), how will the County reconcile growing cycles vs. quarterly payments?**

**A –** Each quarter you will only pay taxes on product that was sold during that quarter. It is the responsibility of the business owner to accurately report Gross Receipts each quarter and make timely tax payments. All quarterly payments are applied towards the annual minimum tax.

## Adjustments

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**Q – Is there room for adjustments (e.g., you have a 10k sq. foot license, but only cultivate 5k sq. feet)?**

**A –** You will need to ensure your registration form is accurate. The cycles and square footage reported on the registration form is used to calculate the annual minimum tax as outlined in the Ordinance. If changes occur, you will need to submit an updated registration form.

## Market Fluctuations

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**Q – Does the Ordinance allow for adjustments to the tax rate or the annual minimum tax?**

**A –** Tax rates and annual minimum tax amounts are pre-determined and cannot be adjusted based solely on fluctuations or declines in the market.

## Crop Loss

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**Q – How do I account for crop loss with the annual minimum tax that needs to be reached?**

**A –** The current tax methodology is based on Gross Receipts, and therefore crop loss does not apply. However, should the Board of Supervisors implement a square footage methodology for taxing Cannabis cultivation, the square footage tax due shall be paid based on the square footage of cultivation authorized by the County permit. The tax statement may include a request for

adjustment of the tax due to square footage authorized but not utilized for cultivation, and/or crop loss, along with evidence sustaining the square footage utilized and/or crop loss.

## Request for Relief

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**Q** – How can I apply for a request for relief (e.g., waiver of penalties)?

**A** – You can apply for a request for relief on our website by completing the online form, which is submitted to us electronically, or you can complete the PDF form and submit the documents to us via email, regular mail, or by using our drop box. You will need to provide satisfactory evidence to the Tax Collector that failure to pay timely was due to circumstances beyond your control and occurred even with the exercise of ordinary care and not due to willful neglect.