

# Cannabis Industry Businesses

## *State Employment Payroll Tax Reporting*

The Employment Development Department (EDD) is here to help business owners comply with California's payroll tax law and avoid unforeseen tax liabilities. California laws require any cannabis business with employees performing services to withhold, report, and remit payroll taxes. Types of cannabis business include non-profit or for profit; medical or recreational; cultivator/grower, distributor, transporter, dispensary, etc.

### *Register as an Employer*

- A business must register with the EDD as a California employer within 15 days of paying wages to employees over \$100 in a calendar quarter. Visit [www.edd.ca.gov/Payroll\\_Taxes/Am\\_I\\_Required\\_to\\_Register\\_as\\_an\\_Employer.htm](http://www.edd.ca.gov/Payroll_Taxes/Am_I_Required_to_Register_as_an_Employer.htm).
- Use e-Services for Business to register. Visit [www.edd.ca.gov/e-Services\\_for\\_Business](http://www.edd.ca.gov/e-Services_for_Business).

### *Report Your Employees*

**An individual is an employee when:**

- The law defines the worker as an employee.
- The business has the right to control the manner and means by which the individual worker performs his/her services. The *Information Sheet: Employment, DE 231*, provides information on this subject at [www.edd.ca.gov/pdf\\_pub\\_ctr/de231.pdf](http://www.edd.ca.gov/pdf_pub_ctr/de231.pdf).

**If your workers are employees, you must:**

- Report to the EDD the names of your workers, their Social Security numbers, and the wages paid to them at the end of each quarter.
- Submit California payroll taxes at least quarterly, or if required to remit sooner, based upon the accumulated amount of Personal Income Tax withholding. For additional information, visit [www.edd.ca.gov/Payroll\\_Taxes/Required\\_Filings\\_and\\_Due\\_Dates.htm](http://www.edd.ca.gov/Payroll_Taxes/Required_Filings_and_Due_Dates.htm).

Workers include, but are not limited to, corporate officers, managers, plant caretakers, budtenders, security guards, and delivery persons. Wages include payments by payroll check, personal check, cash, non-cash (for example, payment in kind by cannabis, meals, and lodging), and tips.



***Our Business  
Is Your Success.<sup>SM</sup>***

## ***E-file and E-pay Mandate***

**Effective January 1, 2018**, all employers are subject to the e-file and e-pay mandate for electronic submission of tax returns, wage reports, and payroll tax deposits. Visit [www.edd.ca.gov/EfileMandate](http://www.edd.ca.gov/EfileMandate) for more information.

Employers who are unable to electronically file and pay may submit an *E-file and E-pay Mandate Waiver Request*, DE 1245W, available at [www.edd.ca.gov/pdf\\_pub\\_ctr/de1245w.pdf](http://www.edd.ca.gov/pdf_pub_ctr/de1245w.pdf).

## ***Online With e-Services for Business***

- Use e-Services for Business to register, file, and pay. Visit [www.edd.ca.gov/e-Services\\_for\\_Business](http://www.edd.ca.gov/e-Services_for_Business).
- If your cannabis business is unable to obtain a checking account, you are still required to remit payroll taxes and should contact your local Employment Tax Office on the EDD website at [www.edd.ca.gov/Office\\_Locator/](http://www.edd.ca.gov/Office_Locator/) to make the appropriate arrangements with an EDD representative.

## ***For More Information:***

- Visit [www.edd.ca.gov/cannabis](http://www.edd.ca.gov/cannabis).
- Call the Taxpayer Assistance Center at 1-888-745-3886.
- To visit an Employment Tax Office nearest you or for additional information on payroll tax reporting requirements, the *California Employer's Guide*, DE 44, can be viewed at [www.edd.ca.gov/pdf\\_pub\\_ctr/de44.pdf](http://www.edd.ca.gov/pdf_pub_ctr/de44.pdf).



Additional resources available at:  
**[www.edd.ca.gov](http://www.edd.ca.gov)**

The EDD is an equal opportunity employer/program.  
Auxiliary aids and services are available upon  
request to individuals with disabilities.