

2023 Cannabis Equity Tax Credit

3821

Attach to your California tax return.

Name(s) as shown on your California tax return

SSN or ITIN CA Corporation no. FEIN

California Secretary of State (SOS) file number

Part I Licensee Information. See instructions.

A. Business name as it appears on the license issued by the California Department of Cannabis Control (DCC):

Business name input field

B. License number:

License number input field

Part II Credit Computation. Complete line 1 or line 2 but not both. See instructions.

Table with 3 columns: Description, Line Number, Amount. Rows include Credit amount, Pass-through credit, Credit carryover, Total available credit, Credit claimed, Total credit assigned, and Credit carryover available for future years.

What's New

Cannabis Equity Tax Credit – For taxable years beginning on or after January 1, 2023, and before January 1, 2028, a Cannabis Equity Tax Credit (CETC) is available to equity licensees that have received approval, including approval contingent upon the availability of funds, for the fee waiver and deferral program administered by the California Department of Cannabis Control (DCC).

Also, PTEs report the California Cannabis Business License number of the PTE on a statement attached to the Schedule K-1 for each shareholder, beneficiary, partner, or member.

B Qualified Taxpayer

A qualified taxpayer for purposes of the CETC means an equity licensee that has received approval, including approval contingent upon the availability of funds, for the fee waiver and deferral program administered by the DCC.

C Limitations

The nonrefundable CETC is limited to \$10,000 per taxable year for each qualified taxpayer. The CETC is available for taxable years beginning on or after January 1, 2023, and before January 1, 2028.

This credit cannot reduce regular tax below tentative minimum tax.

D Assignment of Credits

Assigned credits to affiliated corporations – Credit earned by members of a combined reporting group may be assigned to an affiliated corporation that is a member of the same combined reporting group.

E Carryover

If the available credit exceeds the current year tax liability or is limited by tentative minimum tax, the unused credit may be carried over for eight taxable years or until the credit is exhausted, whichever occurs first.

General Information

A Purpose

Use form FTB 3821, Cannabis Equity Tax Credit, to calculate and report allowable credit for a qualified taxpayer.

Also, shareholders, beneficiaries, partners, or members should use form FTB 3821 to claim pass-through Cannabis Equity Tax Credit received from an S corporation, estate, trust, partnership, or limited liability company (LLC) classified as a partnership.

Pass-through entities (PTE) including S corporations, estates, trusts, partnerships, and LLCs classified as partnerships should complete form FTB 3821 to report the amount of credit that will be passed through to shareholders, beneficiaries, partners, or members.