

# 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):

\_\_\_\_\_

B. License number:  \_\_\_\_\_

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

1	Credit amount. This credit amount is limited to \$10,000.	<input checked="" type="radio"/> 1	00
2	Pass-through credit from Schedule K-1 (100S, 541, 565, or 568)	<input checked="" type="radio"/> 2	00
3	Credit carryover from prior year(s)	<input type="radio"/> 3	00
4	Total available credit. Add line 1 through line 3	<input checked="" type="radio"/> 4	00
5 a	<b>Credit claimed.</b> Enter the amount of the credit claimed on the current year tax return. <b>(Do not</b> include any assigned credit claimed on form FTB 3544, Part B.)	<input checked="" type="radio"/> 5a	00
b	Total credit assigned. Enter the total amount from form FTB 3544, Part A, column (g). If you are not a corporation, enter 0	<input checked="" type="radio"/> 5b	00
6	Credit carryover available for future years. Add line 5a and line 5b, subtract the result from line 4	<input checked="" type="radio"/> 6	00

### 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). The allowable credit is \$10,000 per taxable year for each qualified taxpayer. Unused credit may be carried forward up to eight years. All types of entities, except for exempt organizations, are eligible to claim this credit. For more information, see California Revenue and Taxation Code (R&TC) Section 17053.82 or 23682, or go to [ftb.ca.gov](http://ftb.ca.gov) and search for **cetc**.

### 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. Attach this form to the applicable Form 100S, California S Corporation Franchise or Income Tax Return; Form 541, California Fiduciary Income Tax Return; Form 565, Partnership Return of Income; or Form 568, Limited Liability Company Return of Income. Report the pass-through credit amount for each shareholder, beneficiary, partner, or member on Schedule K-1 (100S, 541, 565, or 568), Share of Income, Deductions, Credits, etc.

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

#### 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. The fee relief approval must be for the license period that begins during the taxable year.

#### 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

**Credits assigned 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. A credit assigned may only be claimed by the **assignee** corporation against its tax liability. For more information, get form FTB 3544, Assignment of Credit, or go to [ftb.ca.gov](http://ftb.ca.gov) and search for **credit assignment**.

#### 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.

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## Specific Line Instructions

**Separate form FTB 3821** - ~~File a separate form FTB 3821 for each taxpayer for which you are claiming the CETC and attach them to the tax return.~~ Do not report the credit generated from the licensed cannabis business and credits received from pass-through entities on the same form FTB 3821. If you are required to complete more than one form **FTB 3821** in a taxable year, enter the sum of credit claimed from all forms **FTB 3821** on your tax return.

**Name(s) as shown on your California tax return** – Enter the name of the individual or business and the social security number (SSN), individual tax identification number (ITIN), California corporation number, federal employer identification number (FEIN), or the California Secretary of State (SOS) file number as shown on your tax return.

### Part I Licensee Information

**A.** Enter the name of the equity licensee as it appears on the license issued by the DCC.

If you are a shareholder, beneficiary, partner, or member that received CETC from a PTE, enter the name of the PTE equity licensee on the Schedule K-1 you received.

**B.** Enter the license number of the equity licensee.

If you have multiple cannabis licenses for which you received fee waivers, enter only one.

If you are a shareholder, beneficiary, partner, or member that received CETC from a PTE, enter the PTE's California Cannabis Business License number that is reported on the statement attached to the Schedule K-1.

### Part II Credit Computation

Complete line 1 or line 2 but not both.

#### Line 1 - Credit amount

Complete this line if you are the licensed cannabis business generating the CETC. Skip line 2 and continue with line 4.

The allowable ~~generated credit~~ is \$10,000 per taxable year for each qualified taxpayer. The amount entered on line 1 should not be more than \$10,000.

#### Line 2 – Pass-through credit from Schedule K-1 (100S, 541, 565, or 568)

Complete this line if you received Schedule K-1 reporting CETC from a pass-through entity. Then continue with line 4.

Enter the amount of credit received from an S corporation, estate, trust, partnership, or LLC classified as a partnership. A statement attached to your Schedule K-1 should include the allocable share of the credit.

#### Line 3 – Credit carryover from prior year(s)

Not applicable for the 2023 taxable year.

#### Line 5a – Credit claimed

**Do not** include assigned credits claimed on form FTB 3544, Part B, List of Assigned Credit Received and/or Claimed by Assignee.

This amount may be less than the amount on line 4 if your credit is limited by your tax liability. For more information, see General Information C, Limitations, and refer to the credit instructions in your tax booklet. Enter the total CETC amount claimed on line 5a and on your current year tax return. If you are required to complete more than one form FTB 3821 in a taxable year, enter the sum of credit claimed on line 5a from all forms FTB 3821 on your current year tax return. **Use credit code 247.** Refer to the credit instructions in the tax booklet for your tax return for more information.

#### Line 5b – Total credit assigned

Corporations that assign credit to other corporations within the same combined reporting group must complete form FTB 3544, Part A, Election to Assign Credit Within Combined Reporting Group. Enter the total amount of credit assigned from form FTB 3544, Part A, column (g) on this line.

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