# THE CITY OF SAN DIEGO
## OFFICE OF THE CITY TREASURER
## CANNABIS BUSINESS TAX REGULATION

## REGULATION CLARIFYING OPERATORS' DUTIES AND ACCOUNTING PROCEDURES

REFERENCE: San Diego Municipal Code (SDMC) Chapter 3, Article 4, Division 1

AUTHORITY: SDMC section 34.0122

### PURPOSE
This regulation provides clarification on Operators'[1] duties relative to the maintenance of financial and accounting records.

### BACKGROUND
The Office of the City Treasurer is responsible for the administration of Cannabis Business Tax (CBT) in accordance with the SDMC, Chapter 3, Article 4, Division 1. It is each Operator's duty to maintain records, as provided in SDMC section 34.0113; Remitting and Reporting, which provides:

> *(f)  The same basis of accounting used by an Operator for keeping books and records shall be used for reporting and remitting.*

### CITY TREASURER REGULATION
To facilitate the Tax Administrator's enforcement duties under this Article, the following guidelines for maintaining financial and accounting records must be followed by Operators:

- Copies of detailed receipts shall be maintained and/or be made available at a location within the City of San Diego.
- Receipts must be organized and readily accessible.
- Maintain separate accounting and monthly subtotals for each revenue account, taxable receipts, nontaxable revenue, and CBT.
- Supporting documents for nontaxable revenue and other adjustments shall be maintained on a monthly basis and consist of documentation to support the receipts as exempt from CBT.
- The same basis of accounting (cash or accrual) must be used for summary records, financial statements, and monthly CBT returns.
- Adjustments to Gross Receipts and CBT must be supported with documentation proving the adjustment to be proper and allowable. At a minimum, this will include receipts and related accounting entries for each adjustment.
- Provide records/documentation in a format approved by the Office of the City Treasurer.

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[1] All terms not otherwise defined in this regulation shall have the same meaning as set forth in SDMC section 34.0103