

**Revenue Information Bulletin No. 19-024**  
**December 18, 2019**

**Industrial Hemp-Derived CBD Tax**

Act 247 of the 2019 Regular Session of the Legislature (“Act”), which enacted LA R.S. 47:1692 through 1696, became effective on August 1, 2019, and applies to tax periods beginning on or after January 1, 2020. The purpose of this bulletin is to summarize the imposition of the industrial hemp-derived Cannabidiol tax (“CBD tax”).

Beginning January 1, 2020, an excise tax of three percent of the retail sales price is due upon each retail sale of industrial hemp-derived CBD products within the state. The CBD tax is an excise tax imposed on and owed directly by the retailer and is in addition to all other taxes. The CBD tax is not collected from retail customers. However, state and local sales taxes are also applicable to retail sales of industrial hemp-derived CBD products and should be collected from retail customers. Any person who imports industrial hemp-derived CBD products for use or consumption (rather than for resale) is considered a retailer and is liable for the CBD tax. Retailers should note that LA R.S. 3:1483 requires that persons who sell or will sell, at retail, any industrial hemp-derived CBD product must first apply for and obtain a permit from the Office of Alcohol and Tobacco Control.

An industrial hemp-derived CBD product is any industrial hemp-derived product that contains CBD intended for consumption or topical use. Industrial hemp means the plant *Cannabis sativa* and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis, and cultivated and processed in accordance with the United States Agriculture Improvement Act of 2018, P.L. 115-334, or the plan submitted by the Louisiana Department of Agriculture and Forestry that is in compliance with the U.S. Department of Agriculture rules. Industrial hemp does not include plants of the Genus *Cannabis* that meet the definition of "marijuana" as defined in R.S. 40:961.

Sales of industrial hemp-derived CBD products for further processing into a product produced in accordance with R.S. 40:1046 (marijuana for therapeutic use) is not a retail sale for purposes of this tax. Additionally, any product recommended in accordance with LA R.S. 40:1046 and any CBD product approved as a prescription medication by the United States Food and Drug Administration is not subject to the industrial hemp-derived CBD tax.

LA R.S. 3:1482 prohibits the sale of (1) any part of hemp for inhalation, (2) any alcoholic beverage containing CBD or (3) any food product or beverage containing CBD unless the United States Food and Drug Administration approves CBD as a food additive in Louisiana. However, because the definition of industrial hemp-derived CBD products includes products intended for

consumption, in the event any such prohibited products are sold in Louisiana, the CBD tax is due and must be paid.

Retailers must report and remit the CBD tax on a monthly basis. The Louisiana Department of Revenue (“LDR”) has issued a Notice of Intent to adopt regulations that will require electronic filing of CBD tax returns and payments. LDR anticipates publication of the final regulations in the December 2019 Louisiana Register. The CBD tax return will be available in Louisiana Taxpayer Access Point (“LaTAP”) on January 1, 2020. The first taxable period is January 1 through January 31, 2020, and the return for that month is due on or before February 20, 2020.

Returns and payments will be submitted electronically through LaTAP. Taxpayers should visit [www.revenue.louisiana.gov/LaTAP](http://www.revenue.louisiana.gov/LaTAP) to create a LaTAP account. Taxpayers who do not have an LDR account number can register for a business account on the LaTAP site. Please note that a LaTAP account can be created now based on other applicable tax types such as sales and withholding, but the CBD tax type account will not be available until December 23, 2019. Taxpayers should log into LaTAP to add the CBD tax account on or after that date. For assistance registering your business or creating a LaTAP account, please visit [www.revenue.louisiana.gov/FAQ](http://www.revenue.louisiana.gov/FAQ) and select “LaTAP”.

Questions concerning this Revenue Information Bulletin should be directed to LDR’s Taxpayer Compliance Excise Tax Unit by telephone at 855-307-3893, option 2 then 1, or through email to [Excise.Inquiries@la.gov](mailto:Excise.Inquiries@la.gov).

**Kimberly Lewis Robinson**  
**Secretary**