

# Retail Sales of Cigarettes and Tobacco Products in California

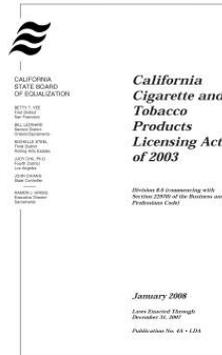
## **What All Retailers Should Know**



This presentation is designed to help retailers understand the requirements for selling cigarettes and tobacco products in California. Although focused on the retail sales aspect, some of this information also applies to wholesalers and distributors.

# California Cigarette and Tobacco Products Licensing Act

- Effective January 1, 2004.
- For sellers of cigarette and tobacco products in California, the Act established, among other things:
  - Licensing requirement
  - Invoice requirements
- Increased the Board of Equalization's (BOE) administrative responsibilities regarding cigarette and tobacco tax laws.



Effective January 1, 2004 the Cigarette and Tobacco Products Licensing Act was established. This was in response to the decline of tax revenues by hundreds of millions of dollars per year. This decline was due, in part, to unlawful distributions and untaxed sales of cigarettes and tobacco products. The Act established certain license and invoice requirements while also increasing the Board of Equalization's role in administering the cigarette and tobacco tax laws.

## Licensing

- To sell cigarettes or tobacco products at retail, you must apply for a Cigarette and Tobacco Products Retailer's License for each location.
- This state license is separate from any local city tobacco licenses required.
- You will receive an application for a license when you apply for your seller's permit or you may call the Excise Taxes Division at 800-400-7115.
- The current one-time fee is \$100 per location.



The law requires all sellers of cigarette and tobacco products to register with the Board of Equalization and obtain a Cigarette and Tobacco Products license for each location from which sales are made. The cost of the retail license is a one-time fee of \$100. The license issued by the Board is separate from any city or county license. It is best to check with your local jurisdiction to find out if a local license is required.

## Licensing

- The license is valid for a 12-month period and required to be renewed annually.
- A reinstatement fee of \$100 is required if a license is not renewed timely.
- If adding a location, the new location must be added to the seller's permit before a cigarette and tobacco product license can be activated for the new location.



The Cigarette and Tobacco Products License is issued by the Board's Excise Taxes Division. A separate license is required for each retail location where cigarettes and tobacco products are sold, and is valid for a 12-month period. You will be required to renew your license prior to its expiration date. There is no additional cost to renew your license; but if you do not timely renew your license and it expires, a reinstatement fee will be due.

If you operate multiple retail locations, each location must already have an active seller's permit or have been added to your existing seller's permit before a cigarette and tobacco license can be issued. A cigarette and tobacco license from one location cannot be used or transferred to your other location.

## Licensing



- Submitting an application and fee does not mean sales of cigarettes or tobacco products can begin. The retailer must be in possession of the license and it must be displayed.
  - Applications are promptly processed but may take 2 to 4 weeks for a license to be issued.
  - A license is not assignable or transferable.
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It is important to understand that simply submitting your application and fee does not mean you can begin making sales of cigarettes or tobacco. You must have received your license and display it at your place of business before you make any sale of cigarettes or tobacco products. Although applications are promptly processed by the Excise Taxes Division, it may take 2 to 4 weeks before you receive your license. Any questions you have about the license, or to check the status of your application, please contact the Excise Taxes Division by calling the toll-free number 800-400-7115.

## Licensing

### Wholesaler or Distributor License

- A Retailer's cigarette and tobacco license allows you to make retail sales only to legal-aged consumers.
- To engage in sales of cigarette and tobacco products to other retailers or wholesalers, you must obtain a separate Distributor or Wholesaler License. Sales to other retailers, wholesalers, or distributors are illegal if you are not properly licensed.
- For more information on obtaining a Distributor or Wholesaler License, contact the Excise Taxes Division.

A Retailer's cigarette and tobacco license allows you to make retail sales to legal-aged consumers. If you want to engage in sales of cigarette and tobacco products to other retailers or wholesalers, then you are required to obtain a separate Wholesaler or Distributor License. Sales to other retailers, wholesalers, or distributors are illegal if you are not properly licensed. For more information on obtaining a Distributor or Wholesaler License, please contact the Excise Taxes Division of the Board of Equalization.