

Inspections



- BOE routinely conducts inspections of all businesses selling cigarettes and/or tobacco products.
- Inspections are unscheduled but are conducted during normal business hours.
- Inspections are conducted by the Investigations Division staff of the BOE.

As a retailer of cigarette and tobacco products, you can expect the Board of Equalization to stop in for a routine inspection of your store. The law allows inspections to take place anywhere cigarettes or tobacco products are sold, produced, or stored. The inspections are not scheduled but will be conducted during normal business operating hours. These inspections are completed by the Board's Investigations Division. The inspection will be performed in a reasonable manner and time, taking into consideration your business's operating hours, service to customers, or other retail functions.

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Inspectors will:

- Identify themselves, show their BOE identification, and give their business card.
 - Explain why they are there and what they will be inspecting.
 - Ask the person behind the counter for identification and their relation to the business (i.e., owner, relative, employee, etc.).
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Upon arrival at your location, the Inspectors will introduce themselves, show their Board of Equalization identification, provide their business cards, and explain the purpose of the inspection. The inspectors will ask the on-site person in control of your business, if they are an owner, manager, or employee and will also request identification.

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Inspectors will also:

- Ask where cigarette and tobacco products are stored and request permission to inspect these areas.
- Request access to any secured cigarette/tobacco storage areas.
- Check to see that the cigarette/tobacco retailer's license (LRQ) and seller's permit are posted.
- Verify that registration information for the business is accurate.



Inspectors will ask where the cigarette and tobacco products are stored and request permission to inspect these areas. Inspectors will also ask for access to any secured storage areas. They will check to see if the cigarette and tobacco license and the seller's permit are posted. During the course of the inspection, the inspectors will also verify and update your registration information.

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- Verify the STAKE Act sign is posted. If not visible, they will provide a sign.
- Check to see that single sticks of cigarettes are not being sold.
- Check that all cigarette packs are stamped and scan the stamps to verify that the tax stamps are valid.
- Verify all cigarettes are listed on the California Tobacco Directory. **Note:** as of 9/22/09 flavored cigarettes are banned from sale in the U.S. and are subject to seizure.



A STAKE Act sign (which warns about sales to minors) is required to be posted by retailers selling cigarette and tobacco products. If one is not visible or the one you have is worn, the inspector will provide you with a new sign.

Be aware that it is illegal to sell single sticks of cigarettes.

During the course of the inspection, cigarettes will be visually inspected to make certain all cigarette packs are stamped with a California tax stamp. Cigarettes will also be scanned to verify that the tax stamps are valid.

California Tobacco Directory

Only cigarette brands and roll-your-own tobacco products listed in the Attorney General's California Tobacco Directory may be:

- sold
- offered for sale, or
- possessed for sale in California

For the current list of tobacco product manufacturers and brand families that are certified as being in compliance with California law, go to the Attorney General's website at:

<http://ag.ca.gov/tobacco/directory.htm>



Only cigarette brands and roll-your-own tobacco products listed on the Attorney General's California Tobacco Directory may be sold, offered for sale, or possessed for sale in California. The Directory lists both the brand name and manufacturer's name. Inspectors will verify that cigarette and tobacco products at your retail location are on the Directory, making them legal to sell. Please note that a federal ban on all flavored cigarettes and roll-your-own tobacco products went into effect September 22, 2009, and are subject to seizure. These flavored products have been removed from the California Tobacco Directory and can no longer be legally sold. You can obtain a copy of the Directory by visiting the Attorney General's website.

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We will also:

- Verify that all cigarettes comply with AB 178 – the California Cigarette Fire Safety and Firefighter Protection Act.
- As of January 1, 2007, only cigarettes certified by the manufacturer and approved by the Office of the State Fire Marshall as self-extinguishing may be sold in California.

Inspectors will also verify all cigarettes comply with the California Cigarette Fire Safety and Firefighter Protection Act (also known as AB 178). Cigarettes purchased and sold after January 1, 2007, are required to be certified by the manufacture and approved by the State Fire Marshal as self-extinguishing. Cigarettes listed on the California Tobacco Directory have been certified and approved by the State Fire Marshal.

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You can also expect us to:

- Ask for the last 12 months of purchase invoices for cigarette and tobacco products.
- Verify that excise tax is paid on all tobacco products.

Note: All tobacco products are considered untaxed unless proof of excise taxes paid is provided.

During the inspection, you will be asked to provide the last 12 months of your cigarette and tobacco purchase invoices. In part, the invoices are used to make sure the excise tax has been paid on all tobacco products. By statute, all tobacco products are considered untaxed unless proof is provided that the excise tax has been paid. A valid purchase invoice will confirm the payment of excise taxes.

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The inspectors will also:

- Reconcile your purchase invoices with the cigarette and tobacco inventory on hand.
- Verify invoices are valid and are from a licensed distributor/wholesaler.

Note: You can determine if a distributor's or wholesaler's license is valid on the BOE's website at:

www.boe.ca.gov



Your purchase invoices will also be used to reconcile your cigarette and tobacco inventory on hand. While reviewing your invoices, Inspectors will check to see if they are valid and purchased from a licensed wholesaler or distributor. Cigarette and Tobacco Product License numbers can be validated by checking the Board's website.

Invoices

A valid cigarette or tobacco product purchase invoice must be legible and contain:

- The name, address, telephone number, and license number of the wholesaler/distributor from whom the cigarettes and/or tobacco products were purchased.
- Retailer's name, address, and license number.
- The amount of CA excise taxes paid.
- An itemized list of products purchased.
- Date of purchase.

Purchases invoices for cigarette and tobacco products must be legible, include the date of the purchase, an itemized list of products purchased and the name, address, telephone number, and license number of the wholesaler or distributor. It must also contain your name, address and license number. The amount of excise taxes paid or a statement that excise taxes have been paid must also be included on the invoice. Purchase invoices that do not include all the required information may be considered invalid.

Sample of a Valid Purchase Invoice

MELISSA'S WHOLESALE
123 Wholesale Avenue
Anytown, CA 95000
(222) 555-1234
LD Q ET 90-000000

Invoice
Number 1066

Date: June 1, 2008

Bill To:

Joanna Shopkeeper
Linda's Smoke Shop
456 Smokey Drive
Anycity, CA 96000
LR Q ET 91-999999

Ship To:

Joanna Shopkeeper
Linda's Smoke Shop
456 Smokey Drive
Anycity, CA 96000
LR Q ET 91-999999

Description	Quantity	Price Each	Amount
COPENHAGEN	81.00	41.99	3,401.19
COPENHAGEN LONGCUT	63.00	20.99	1,322.37
COPENHAGEN POUCH	10.00	20.99	209.90
SKOAL STRAIGHT	9.00	41.99	377.91
SKOAL WINTERGREEN	9.00	41.99	377.91
SKOAL MINT	9.00	41.99	377.91
SKOAL FINECUT	9.00	41.99	377.91

Subtotal 6,445.10

Excise Tax 2,908.68

TOTAL \$ 9,353.78

0 - 30 days	31 - 60 days	61 - 90 days	> 90 days	Total
\$9,353.78				\$9,353.78

This is an example of a valid purchase invoice. It contains all the necessary information previously mentioned and clearly shows that excise taxes have been paid on the purchase.

Invalid Invoice

Reasons this invoice is not valid:

- Missing distributor or wholesaler information from whom the cigarettes and/or tobacco products were purchased.
- Missing the retailer's address and license number.
- The amount of excise tax paid is not listed on the invoice.

04354

[Redacted]

CUSTOMER'S ORDER NO. _____ DATE 10/02/07

NAME [Redacted] 12:05 PM

ADDRESS _____

CITY, STATE, ZIP Sanita RM

SOLD BY _____ CASH _____ C.O.D. _____ CHARGE _____ ON ACCT. _____ MOBE RETO _____ PAID OUT _____

QUANTITY	DESCRIPTION	PRICE	AMOUNT
1			
2	OPEN HOGEN SWIFE	4625	96 25
3			
4			
5	OPEN HOGEN C.C	23.27	46 54
6			
7			
8			
9	2 CAN/SPK	31.00	68 05
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			

RECEIVED BY [Signature]

KEEP THIS SLIP FOR REFERENCE

5805

Charge
NO TAX
TOTAL DUE 154.79
TOTAL DUE 154.79

This is an example of an invalid invoice. It is missing much of the required invoice information. Invalid invoices will not be accepted as proof of excise taxes paid and may result in the seizure of your product. As a prudent business person, you should ensure your supplier provides you with a valid invoice.