

Amend Section 30102.5 of the Cigarette and Tobacco Products Tax Law to clarify that the tax does not apply to tobacco products under internal revenue bond or customs control. (Housekeeping)

Source: Excise Taxes and Fees Division

Existing Law

Under existing law, Revenue and Taxation Code Section 30102.5 specifies that cigarette and tobacco products taxes do not apply to the distribution of cigarettes or tobacco products that are non-tax-paid under Chapter 52 of the Internal Revenue Act of 1954, as amended, and the cigarettes are under internal revenue bond or customs control.

In 1989, Senate Bill 87 (Chapter 634) revised the provisions of the Cigarette Tax Law to conform the adoption of the Tobacco Tax and Health Protection Act of 1988 (Proposition 99). In part, that measure renamed the Cigarette Tax Law to the Cigarette and Tobacco Products Tax Law and added “or tobacco products” with the term “cigarettes” wherever appropriate, including Section 30102.5 which provides that the tax does not apply to tobacco products that are non-tax-paid under Chapter 52 of the Internal Revenue Act of 1954, as amended. However, the reference “or tobacco products” was inadvertently not added to the part of Section 30102.5 that provides that the tax does not apply when tobacco products are under internal revenue bond or customs control.

This Proposal

This proposal would make a non-substantive, technical correction to the Cigarette and Tobacco Products Tax Law to clarify that the tobacco products tax does not apply to tobacco products that are under internal revenue bond or customs control.

Section 30102.5 of the Revenue and Taxation Code is amended to read:

30102.5. The taxes imposed by this part shall not apply to the distribution of cigarettes or tobacco products that are non-tax-paid under Chapter 52 of the Internal Revenue Act of 1954 as amended, and the cigarettes or tobacco products are under internal revenue bond or customs control.