

**Amend Section 30180 of the Cigarette and Tobacco Products Tax Law to allow for relief of penalty. (Housekeeping)**

**Source: Excise Taxes Division**

**Existing Law:**

Under existing law, distributors of cigarettes can purchase cigarette stamps on either a cash or deferred basis. Those distributors who purchase stamps on a deferred basis are not required to pay the state until the 25<sup>th</sup> day of the following month. Section 30171 imposes a 10% penalty on any distributor who fails to pay for the stamps on time. Current Section 30282 provides that a person may be relieved of the penalty imposed by Section 30171 if the Board finds that the person's failure to make a timely payment was due to reasonable cause and circumstances beyond the person's control, and occurred notwithstanding the exercise of ordinary care and in the absence of willful neglect.

Unfortunately current law contains conflicting statutes. Section 30180 specifically states that Article 6 of Chapter 4 (which contains Section 30282) does not apply to amounts due or paid with respect to purchases of stamps, thereby creating conflict between Sections 30180 and 30282.

**This Proposal:**

This proposal would amend Section 30180 to reference Section 30282 and allow the Board to continue to relieve a cigarette stamp purchaser of the late payment penalty under Section 30182. This relief of penalty provision is consistent with other relief of penalty provisions in the cigarette tax program and all other tax and fee programs administered by the Board.

*Section 30181 of the Revenue and Taxation Code is amended to read:*

30180. Articles 2 (commencing with Section 30201), 3 (commencing with Section 30221), 4 (commencing with Section 30241), and 6 (commencing with Section 30281), except for Section 30282 of Chapter 4; and Sections 30185, 30362, and 30366 do not apply to amounts due or paid with respect to purchases made of stamps or meter register settings. The remedies of the state provided in Chapter 5 (commencing with Section 30301) and the provisions of Chapter 6 (commencing with Section 30361), except for Sections 30362 and 30366, apply to amounts due or paid with respect to purchases made of stamps or meter register settings.