
State Board of Equalization

Retail Sales of Cigarettes and Tobacco Products in California

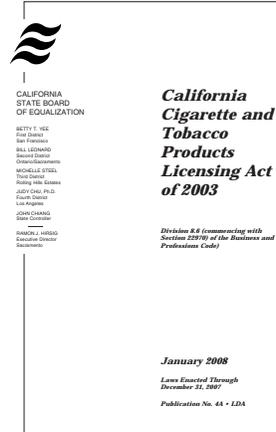
What All Retailers Should Know



Welcome to the Board of Equalization's presentation on Retail Sales of Cigarettes and Tobacco Products. 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.
- Main Act requirements for sellers:
 - License
 - Invoice retention
- Increased the Board of Equalization's (BOE) administrative responsibilities.



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

- You must have a Cigarette and Tobacco Products Retailer's License for each location.
- \$100 per location.
- State license is separate from local tobacco license.
- You can get an application when you apply for your seller's permit, call Special Taxes & Fees Division at 800-400-7115 or from the BOE website.

MUST BE DISPLAYED CONSPICUOUSLY AT LOCATION ADDRESS FOR WHICH ISSUED

CALIFORNIA STATE BOARD OF EQUALIZATION
CIGARETTE AND TOBACCO PRODUCTS LICENSING ACT OF 2003
RETAILER'S LICENSE

LICENSE NUMBER: _____

BUSINESS MAILING ADDRESS: _____ EFFECTIVE DATE: _____

LOCATION ADDRESS: _____

THIS LICENSE HAS BEEN ISSUED TO YOU UNDER SECTION 40000 OF THE CALIFORNIA BUSINESS AND PROFITABILITY CODE.

NOT VALID AT ANY OTHER LOCATION ADDRESS.

IF YOU ARE AUTHORIZED TO ENGAGE IN THE SALE OF CIGARETTES AND TOBACCO PRODUCTS, THIS LICENSE IS VALID FOR THE EFFECTIVE DATE OR UNTIL SUSPENDED, REVOKED, OR CANCELED, AND IS NOT TRANSFERABLE. FOR DETAILS, THE REGULATIONS AND FEES, PLEASE CONTACT THE INFORMATION CENTER AT 800-400-7115. FOR INFORMATION ON YOUR RIGHTS, CONTACT THE FAIRPLAY RIGHTS ADVOCATE OFFICE AT 800-29-2706 OR 916-226-2706. SEE ALSO ARTICLE 2.01.05.

A MESSAGE TO OUR LICENSE HOLDER

As a retailer, you have certain rights and responsibilities under the Cigarette and Tobacco Products Licensing Act of 2003. In order to assist you in your endeavor and to better understand the law, we offer the following information:

- The Cigarette and Tobacco Products Licensing Act of 2003 is found under Division 88 (commencing with section 23000) of the California Business and Professions Code.
- Our website is www.boe.ca.gov.
- Our toll-free Information Center at 800-400-7115.

As a retailer, you are required to maintain the records and receipts of a product transaction. You are required to maintain these records for no less than four years, and make them available for inspection by a Board representative when requested. In addition, you must keep the records on file at the location identified on your license for at least one year after the date of purchase. Specific requirements are set forth in the Cigarette and Tobacco Products Licensing Act of 2003.

You must notify us if you are buying, selling, adding a location, or discontinuing your business, adding or dropping a permit, office, or member, or when you are moving any of your business locations. This notice is valid only for the type of ownership and location specified on the license. A person who obtains a license as a retailer who ceases to do business or who ceases to operate a business, or whose license has been suspended or revoked, must also notify the Board immediately by writing to the State Board of Equalization, Excise Taxes Division, P.O. Box 942870, Sacramento, CA 95829-0280 in order to make arrangements to surrender the license, or by giving the license to a Board representative.

If you would like to know more about your rights as a taxpayer, or if you are unable to resolve an issue with the Board, please contact the Taxpayer Rights Advocate office for help by calling 800-29-2706 or 916-226-2706. Your fax number is 916-226-2705.

License must be displayed at location address for which issued and must be visible to your customers.

STATE BOARD OF EQUALIZATION
Excise Taxes Division

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 per location. The license issued by the BOE 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

- Valid for 12 months
- Must be renewed annually.
- If not renewed timely, a \$100 reinstatement fee is required.
- A Cigarette and Tobacco Products License will not be issued if the location is not registered with an active seller's permit.



The Cigarette and Tobacco Products License is issued by the Board's Special Taxes and Fees 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



- You must have and display your license before you can start selling cigarettes or tobacco products.
 - It can take 2 to 4 weeks to receive your license.
 - 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 Special Taxes and Fees 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 Special Taxes and Fees Division by calling the toll-free number 800-400-7115.

Licensing

Wholesaler or Distributor License

- A Retailer's license lets you make retail sales only to end consumers.
 - You need a Distributor or Wholesaler license to sell to wholesalers or other retailers.
 - Contact the Special Taxes & Fees Division for more information regarding these licenses.
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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 Special Taxes and Fees Division of the Board of Equalization.