



Excise Taxes Newsletter

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If you are interested in attending, please visit us online at www.boe.ca.gov/tra/tra.htm, call one of our local offices, or call the Taxpayers' Rights Advocate Office, toll-free, at 888-324-2798.

2. Would you like us to mail your returns to your accountant?

We can mail your tax or fee returns to your accountant provided he or she is authorized to receive returns for at least five Board of Equalization accounts (please check with your accountant).

If you choose this option, we will continue to mail your account-related correspondence to your address of record. However, we will send your accountant the general information normally mailed with your return, including this newsletter and some special notices.

To request this service, please send us a completed and signed form BOE-91, *Tax- and Feepayer Authorization to Send Tax Returns/Reports to Accountant*.

You can obtain a copy of the form on the Internet, from our faxback system, or by calling our Information Center (see contact information on back page).

ALL TAX AND FEE PROGRAMS

1. Annual Taxpayers' Bill of Rights hearings

Do you have suggestions for improving our services? Would you like us to look more closely at a tax or fee issue?

Every year suggestions from taxpayers and tax practitioners help us improve the quality of our services and operations. Come share your ideas and concerns with the elected Members of the Board of Equalization at the annual Taxpayers' Bill of Rights hearings this fall. You can present your proposal orally or in writing.

This year's hearings will be held on Wednesday, September 22 in Culver City and Tuesday, October 12 in Sacramento.

3. Help us help you

You can help us keep your account information current and properly credit your tax and fee payments.

Please remember to

- Tell us when you change your business or mailing address.
- Let us know if you add or drop partners.
- Notify us if you sell your business.
- Write your account number on your tax or fee payments.
- Call us for a replacement return if you don't receive your return at least ten days before the due date.

CIGARETTES AND TOBACCO PRODUCTS

4. You must have your new cigarette and tobacco products license by June 30

Retailers, wholesalers, and distributors that sell cigarettes or tobacco products in California must have a California Cigarette and Tobacco Products License by June 30, 2004. This new license is required in addition to other state licenses and permits.

If you have not yet applied for your license, be sure to apply right away. Without the required license, you cannot legally sell cigarettes or tobacco products in California after June 30.

The new licensing requirement is part of the Cigarette and Tobacco Products Licensing Act of 2003 (Assembly Bill 71; stats. 2003, ch. 890). As discussed in the December 2003 *Excise Taxes Newsletter*, the Act also puts in place new recordkeeping requirements, inspection provisions, criminal and civil penalties, and other measures controlling the sale of cigarettes and tobacco products in this state.

Recordkeeping is up to you

You must maintain records proving that excise taxes have been paid on all cigarettes and tobacco products you sell.

Distributors must indicate the amount of excise tax paid to us. Wholesalers' invoices must show that the wholesaler has paid the tax on their purchase of cigarettes or tobacco products. Retailers should purchase only from licensed distributors and wholesalers and obtain an invoice for their records.

All invoices must state the new license numbers of the buyer and seller.

If you do not have evidence in your records showing that the excise tax has been paid on cigarettes and tobacco products in your inventory, we will presume the tax has not been paid. Those products are subject to seizure, as explained below.

Inspection and penalties

Our staff and law enforcement agency employees may inspect your location and seize any undocumented cigarettes or tobacco products, including cigarettes without tax stamps or with counterfeit tax stamps. The

inspectors must identify themselves and present identifying credentials.

New civil and criminal penalties apply to businesses that do not comply with the new law, including

- Fines of up to \$5,000, or imprisonment not exceeding one year in county jail—or both.
- Suspension or permanent revocation of the required license for a location that violates the new law.

Cigarette and Tobacco Products Licensing Act Resources

Internet

Our website now includes a special section for the Cigarette and Tobacco Products Licensing Act of 2003 (Assembly Bill 71). The section includes information on licensing, recordkeeping, enforcement, and fees. See www.boe.ca.gov/sptaxprog/spctlicact03.htm

Telephone

If you can't find the information you need on the website, call our Excise Taxes and Fees Division at 800-400-7115 and select the "California Cigarette and Tobacco Products Licensing Program" option. Staff are available to help you weekdays from 8 a.m. to 5 p.m., except state holidays.

5. Not in the directory? You can't sell it after June 30

After June 30, 2004, it will be illegal to sell certain cigarettes and "roll-your-own" tobacco in California. This change is another element of Assembly Bill 71 (see previous article).

After June 30, you may not sell, offer, or possess for sale in California, or import for personal consumption any cigarette or roll-your-own tobacco unless its manufacturer and brand family are listed in a directory compiled and published by California's Attorney General.

In addition, it will be illegal for you to place or have another person place a tax stamp or meter impression on a pack of cigarettes, or pay the tax on roll-your-own tobacco, unless the manufacturer and brand family are listed in that directory.

The Attorney General will post the directory on the Internet at <http://ag.ca.gov/tobacco> by June 30.

If you violate these provisions, you are subject to civil and criminal penalties and the seizure of any noncomplying product. We may also revoke or suspend your license.

Distributors should register for directory updates by e-mail

The Attorney General must give distributors written notice of any changes to the directory after it is first published. Since that notice will be sent by e-mail, cigarette and tobacco product distributors must provide an e-mail address to the Attorney General and update it as needed. You may do this by sending an e-mail message to tobacco@doj.ca.gov. You will receive an e-mail reply acknowledging that the Attorney General has received and recorded your e-mail address. Be sure to send your e-mail address as soon as possible.

6. Out-of-state distributors who participate in trade shows must obtain a distributor license

If you are an out-of-state cigarette or tobacco products distributor who participates in California trade shows, you may be required to collect and pay California cigarette and tobacco products taxes. This is true even if your trade show representative does nothing more than display products or hand out catalogs. You must also obtain a distributor's license from us.

Distributor, defined

You are a distributor if you do any of the following:

- Distribute cigarettes or tobacco products in California.
- Sell or accept orders for cigarettes or tobacco products that are to be transported from a point outside California to a consumer within the state.
- Use or consume untaxed cigarettes or tobacco products in this state.

Collecting and paying taxes

If you are required to register as a distributor and you sell cigarettes or tobacco products to anyone in California other than a licensed distributor, you must collect cigarette and tobacco products taxes from your California customers and pay the tax amounts to us.

You must collect the tax either

- At the time of the sale, or
- When the purchaser receives the product.

In addition, you must give the purchaser a receipt showing that they paid the tax. The taxes you must collect and pay are considered debts you owe the state.

For more information

Additional information for out-of-state distributors is found in Revenue and Taxation Code section 30108. If you're not sure whether to register in California, please call our excise taxes staff at 800-400-7115 (listen for *Other Tax and Fee Programs* and *Excise Taxes* prompts). Staff can help you weekdays between 8 a.m and 5 p.m., except state holidays.

7. Tobacco products tax rate remains the same

The existing rate for the tobacco products tax, 46.76 percent of the wholesale cost of the tobacco products, will stay in effect through June 30, 2005.

The 2004-05 rate was set by the Members of the Board of Equalization at their meeting on May 25, 2004. The tax rate applies to all distributions of tobacco products other than cigarettes.

If you have any questions regarding the tax rate or the tax, please contact our excise taxes staff at 800-400-7115.

8. Reporting suspected tax evasion

Cigarette and tobacco products tax evasion is a serious crime that hurts honest taxpayers.

To report suspected tax evasion, please

- Call our Tax Evasion Hotline: 888-334-3300.
- Call our Investigations Division: 916-324-0105.
- Fax us anonymously: 916-324-1578.
- Write us at
State Board of Equalization, MIC:42
P.O. Box 942879
Sacramento, CA 94279-0042
- Use the anonymous online form found at www.boe.ca.gov/info/icomplaint.htm

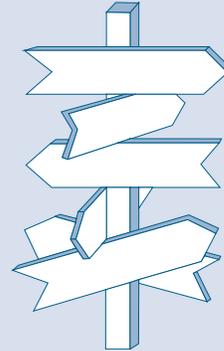
EXCISE TAXES PUBLICATIONS

We produce a variety of free publications to help you understand and apply California law. The list below includes our excise taxes publications and other publications that may interest you.

You can obtain copies by calling our Information Center (see box at right). Many publications are also available on our website: www.boe.ca.gov. Publication 51, *Guide to Board of Equalization Services*, includes a complete publication list.

<i>Publication Number</i>	<i>Title</i>	<i>Publication Date</i>
<i>Text of statutes and regulations</i>		
5	Alcoholic Beverage Tax Law	1-03
16	Alcoholic Beverage Tax Regulations	11-03
4	California Cigarette and Tobacco Products Tax Law	1-03
15	Cigarette and Tobacco Products Tax Regulations	6-04
69	California Integrated Waste Management Fee Law	1-03
10	Energy Resources Surcharge Law	1-03
11	Energy Resources Surcharge Regulations	6-04
20	California Emergency Telephone Users Surcharge Law	1-03
39	Emergency Telephone Users Surcharge Regulations	6-04
7	Tax on Insurers Law	1-03
83	Tire Recycling Fee Law	1-03
<i>Single-sheet tax pamphlets</i>		
92	Alcoholic Beverage Tax	1-04
93	Cigarette and Tobacco Products Tax	6-03
91	California Tire Fee	10-03
<i>Other publications of interest</i>		
78	Sales of Cigarettes and Tobacco Products in California (<i>for retailers</i>)	5-04
17	Appeals Procedures: Sales & Use Taxes and Special Taxes	2-03
76	Audits	12-01
51	Guide to Board of Equalization Services	4-03
54	Tax Collection Procedures	1-03

FOR MORE INFORMATION



Internet

Visit our website: www.boe.ca.gov for legislative summaries, regulations, meeting information, and more.

Information Center: 800-400-7115

TDD/TTY: 800-735-2929

Representatives are available to help you from 8:00 a.m. to 5:00 p.m., M-F, except state holidays.

You may call anytime to order forms and publications (to leave a recorded request after hours or use the fax-back service, select the "automated services" option).

Excise Taxes and Fees Division

Write to us at:

Excise Taxes and Fees Division, MIC:56
 State Board of Equalization
 P.O. Box 942879
 Sacramento, CA 94279-0056

Or call us at 916-327-4208.

Tax Evasion Hotline

Call toll-free to report suspected tax evasion: 888-334-3300.

Taxpayers' Rights Advocate

Call toll-free for help with problems you have been unable to resolve at other levels: 888-324-2798.

Copies of Legislative Bills

Write to the Legislative Bill Room, State Capitol, Room B-32, Sacramento, CA 95814.

Or visit the following website: www.leginfo.ca.gov/bilinfo.html. Be sure to read the "chaptered" (final) version of the bill. The Bill Room does not provide copies of Board of Equalization forms or publications.