



Excise Taxes Newsletter

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2. Civil behavior in trying times

Some observers have noted that civility is decreasing in our society as our lives become more complex. We know that you may find yourself frustrated with the difficulties of the tax law or pressed for time when dealing with our staff. Still, we ask that you treat our employees just as you would like to be treated in a business situation. Any statement made to a Board employee that seems remotely like a threat—even a statement made in jest—will be referred to our Internal Security and Audit Division for investigation.

3. Ethics at work—"thank you" is enough

During the holiday season, many of you offer gifts to your customers, suppliers, and others with whom you do business. We must ask, however, that you not extend your generosity to our employees. A simple "Thank You" or "Happy Holidays" will do—and will be much appreciated. Board policy prevents our employees from accepting gifts of any type.

ALL TAX AND FEE PROGRAMS

1. New administrative regulations

Two new administrative regulations went into effect on May 28, 2003: Regulation 4901, *Records*, and 4902, *Relief from Liability*. They are included in new chapter 9.9 of title 18 of the California Code of Regulations, "Special Taxes Administration." The new chapter is intended to clarify the law and ensure consistency in special taxes program requirements.

To help you find the information you need, the regulations for each special taxes program now include a specific cross-reference to the new administrative regulations.

Copies of the special taxes administration regulations are available on our website in PDF format at www.boe.ca.gov/sptaxprog/sptaxregs.htm.

For more information, please call our excise taxes staff at 800-400-7115 (choose "other tax" then "excise taxes").

CIGARETTE AND TOBACCO PRODUCTS TAXES

4. New license requirements for cigarette and tobacco product sellers

The new Cigarette and Tobacco Products Licensing Act of 2003, enacted by Assembly Bill 71 (Stats. 2003, ch. 890), is intended to decrease tax evasion in California. It establishes a Board-administered licensing program for sellers of cigarettes and tobacco products and prohibits unlicensed retailers, distributors, and wholesalers from distributing or selling cigarettes or tobacco products in this state. The licensing program and sale prohibition also applies to cigarette manufacturers and importers.

The law establishes licensing deadlines, a license fee schedule, and penalties for noncompliance. Effective January 1, 2004, it authorizes retail inspections and seizure of untaxed products and establishes new recordkeeping requirements.

[More](#) ►

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We will be contacting you soon regarding the new licensing and recordkeeping requirements. Additional information will also be posted on our website: www.boe.ca.gov. To obtain a copy of the bill, see shaded box at right.

5. Additional new legislation

These legislative summaries are general and should not be used as a guide for making business decisions. If you have questions about how a particular bill applies to your business, please call our excise taxes staff at 800-400-7115 (choose "other tax" then "excise taxes").

New reporting and payment basis options for cigarette and tobacco product distributors. Assembly Bill 1666 (Stats. 2003, ch. 867), allows a cigarette distributor who defers payments due on purchases of cigarette tax stamps and meter settings to choose to make those payments either once or twice a month. For cigarette distributors who choose twice-monthly payments, reduces required security from 70 percent to 50 percent of the deferred payment amount. Also allows tobacco product distributors to choose to file returns and pay tax either once or twice a month, but does not change their security requirements.

Jenkins Act compliance. Senate Bill 1016 (Stats. 2003, ch. 603), requires Internet, telephone, and mail order businesses who sell or transfer cigarettes to California customers to fully comply with the federal Jenkins Act. That law requires persons who sell or transfer cigarettes in interstate commerce to provide the Board of Equalization with information on their California customers.

For more information

For more information on these bills or detailed legislative summaries, visit our website at www.boe.ca.gov or contact our excise taxes staff at 800-400-7115 (choose "other tax" then "excise taxes"). See box for information on obtaining copies of a bill.

6. Destruction of cigarettes and tobacco products

Cigarette and tobacco product distributors are liable for tax on products that are no longer in inventory unless there is adequate proof they have been destroyed or returned. You must also provide proof of destruction when you apply for a tax refund or credit for products that have become unsaleable or unfit for consumption. If you plan to destroy tax-paid or untaxed products, please call our excise taxes staff at 800-400-7115 and arrange for us to witness the destruction process.

Otherwise, you may have additional tax liability during an audit.

For more information on product destruction, please call our excise taxes staff at 800-400-7115.

CALIFORNIA TIRE FEE

7. Updated publication 91, *California Tire Fee*

The updated, October 2003 edition of publication 91, *California Tire Fee*, is now available.

You may download a PDF of the publication from our website at www.boe.ca.gov/pdf/pub91.pdf or order a copy from our Information Center (see box below).

FOR MORE INFORMATION

Internet. Visit our redesigned 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 "24-hour 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 forms or publications.