



Special Notice

STATE BOARD OF EQUALIZATION

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SACRAMENTO, CA 95814

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BOE WEBSITE AND
BOARD MEMBER CONTACT
INFORMATION
www.boe.ca.gov

TAXPAYER INFORMATION
SECTION
800-400-7115

TTY
711

TAXPAYERS' RIGHTS
ADVOCATE
888-324-2798

Moist Snuff Freshness Program

The Moist Snuff Freshness Program (Program) was established by a manufacturer to assist retailers in maintaining fresh inventory. This Program involves a returned goods process for moist snuff where two options are available to California tobacco products retailers (retailer). These options are the Direct Credit and Distributor Credit.

The Direct Credit option involves a process whereby the manufacturer authorizes return of the retailer's outdated moist snuff product. The manufacturer will issue a check directly to the retailer for the product's list price and there is no involvement by a distributor. This option does not qualify for a refund of the California tobacco products excise tax (excise tax).

The Distributor Credit option involves participating licensed California tobacco products distributors (participating distributor) who return outdated moist snuff products of the affected retailers to the manufacturer for disposal. Upon return of the product to the manufacturer, the manufacturer issues a credit for list price to the participating distributor. It is the participating distributor's obligation to establish a system for reimbursing the retailer. Some returns through this option *may* be eligible for a refund of the excise tax.

Distributors are subject to the refund and credit provisions of Revenue and Taxation Code sections 30176.2 and 30178.2, including those refunds conducted as a result of the Program. For these refund provisions to apply, the participating distributor must credit or refund the entire amount paid by their customers, less allowable rehandling and restocking costs. Any amount of credit or refund claimed cannot exceed the wholesale cost of the product, as originally reported and paid on the BOE-501-CT, *Tobacco Products Distributor Tax Return*, on the initial distribution, regardless of the prevailing manufacturer's list price amount. **Therefore, only participating distributors that made the initial distribution may claim a refund or credit for the excise tax.**

Transactions are to be properly documented as required for all credits or refunds of excise tax. This includes, but is not limited to: purchase invoice (from the manufacturer); sales invoice (to the customer); credit memo from the manufacturer that includes a list of customers, description of the products, quantity, and amounts to be refunded; evidence that your customer was refunded or credited the entire sales price, less allowable rehandling and restocking costs.

For more information about this notice or if you have questions regarding refunds relating to cigarettes or other tobacco products, visit our website at www.boe.ca.gov. You may also call the Taxpayer Information Section at 800-400-7115 (TTY: 711). From the main menu, select the option, *Special Taxes and Fees*. Assistance is available weekdays from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.

