



Special Notice

STATE BOARD
OF EQUALIZATION

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Cigarette and Tobacco Product Retailers: Important New License and Recordkeeping Requirements

An article on page two of the December 2003 *Tax Information Bulletin* (see reverse) describes the Cigarette and Tobacco Products Licensing Act of 2003 (Assembly Bill 71). This new law requires California retailers of cigarettes and tobacco products to obtain a special license from our agency by June 30, 2004.

New requirements as of January 1, 2004

The law also adds new recordkeeping requirements and other provisions related to the retail sale of cigarettes and tobacco products. Beginning January 1, 2004,

- If you are a retailer, you must keep purchase invoices for cigarettes and tobacco products for four years. You must keep the invoices at your retail location for at least one year after the purchase. The invoices must contain specific information (see below). You must allow our staff or law enforcement agencies to review your invoices upon request.
- Our staff and law enforcement agency employees may inspect retail locations and seize any untaxed cigarettes and tobacco products, including cigarettes without tax stamps or with counterfeit stamps. The inspectors must identify themselves and provide credentials.
- New civil and criminal penalties apply to retailers who do not comply with the Act.

Purchase invoice requirements

Your cigarette and tobacco product purchase invoices must meet all legal requirements. Each invoice must include

- The wholesaler or distributor name, address, and telephone number, and after June 30, 2004, their license number. It is not legal to buy cigarettes or tobacco products from a person who does not have a license.
- The amount of excise tax due on the sale.
- Your name and address, and after June 30, 2004, your Board of Equalization license number.
- An itemized list of the products sold.

The invoices must be readable.

License notice coming soon

As noted in the *Tax Information Bulletin* article, we will soon be sending you more information on applying for the new cigarette and tobacco product retailer license. You must apply for the license by April 15, 2004.

For more information

If you have questions regarding the new recordkeeping or license requirements, please visit our website: www.boe.ca.gov.

Or you may call our excise taxes staff at 800-400-7115. They are available to help you weekdays from 8:00 a.m. to 5:00 p.m., except State holidays.

From December 2003 Tax Information Bulletin

New licensing requirement related to cigarettes or tobacco products. Assembly Bill 71 (Stats. 2003, Chapter 890) establishes the Cigarette and Tobacco Products Licensing Act of 2003. Among other things, the Act provides that retailer sellers, wholesalers, and distributors cannot sell cigarettes or tobacco products in California unless they are licensed by the Board. This licensing requirement is in addition to the Board's current permit and licensing requirements.

Qualified retailers must obtain a separate license for each location where retail sales of cigarettes or tobacco products are made. There is a one-time license fee of \$100 per location. The Board will be notifying retailers about this new requirement in the near future. If you are a retailer of cigarettes or tobacco products and do not receive a notice, you must still apply for and obtain the required license. Applications must be filed by April 15, 2004, and retailers must be licensed by June 30, 2004.

Additional information will be made available on the Board's website.