

Cigarette and Tobacco Products Taxes

NEWSLETTER

Free BOE cigarette and tobacco products classes for retailers

Cigarette and tobacco products tax laws can be complicated and difficult to understand. The BOE can help you understand these laws and make you aware of business requirements when making sales of cigarettes and other tobacco products in California.

The BOE now offers free cigarette and tobacco products classes on a *continuous* basis to help you understand and comply with the Cigarette and Tobacco Products Licensing Act (Licensing Act). The class provides information about licensing, inspections, keeping records, and other resources for the industry. Classes are offered at all BOE field offices located throughout the state. To register, visit www.boe.ca.gov/sutax/cigtobclass.htm and select the location you prefer. When the class is scheduled at that location, you will be contacted with the date and time.

We also offer an online seminar that presents information similar to the instructor-led classes. Visit our website at www.boe.ca.gov/info/VirtualSeminars/VirtualSeminar_online_cig_tob_retail_.htm. The online seminar provides information about licensing, inspections, keeping records, and other industry resources. The online seminar is available in English, Spanish, Chinese, Korean, Vietnamese, Arabic, and Punjabi. You can also call our Customer Service Center at 1-800-400-7115 (TTY:711) with questions, or visit www.boe.ca.gov/info/email_virt.html to submit your questions specifically related to our online seminar.

We highly encourage all new cigarette and tobacco products licensees take this class to help businesses avoid compliance issues in the future. The class is also helpful for those considering becoming a California seller of cigarettes or tobacco products, as a refresher course for current sellers, or to get information about recent changes in the cigarette and tobacco tax laws.

What are the requirements for an “itemized” listing of cigarettes and/or tobacco products?

The law requires distributors, wholesalers, manufacturers, and importers to include, on each invoice, an itemized listing of the cigarettes and/or tobacco products sold. An itemized list of cigarettes sold must include the brand and style names, and the cigarettes must be further identified by flavor, filter, and/or packaging when applicable. The number of cartons or packs sold and the sales price also must be included on the invoice.

Similarly, other tobacco products must be identified by brand, type of tobacco (such as pipe, cigars, or roll-your-own), flavor, packaging (such as pouches, tins, or boxes), quantity sold, and sales price. An invoice is considered sufficiently itemized when each item is listed separately and the description is detailed enough to identify the specific items in question without ambiguity.

Cigarette and tobacco products retailers: retain your invoices and maintain accurate records

Keeping accurate records helps you comply with important state laws and regulations. It also helps support the purchase of cigarettes and tobacco products from legitimate vendors and makes inspections by BOE enforcement staff more efficient, thus minimizing disruptions to your business. Retain purchase invoices for your stock of cigarettes and tobacco products for four years.

Among other required information, the invoices received from a wholesaler or distributor must include the name, address, telephone number, and cigarette and tobacco products license number of the wholesaler or distributor, as well as a statement indicating tax was paid. For further information regarding invoice requirements, watch our online seminar, *Tobacco Sales in California – What Retailers Should Know About Keeping Records*, to help you understand your obligations, or view [publication 78](#), *Sales of Cigarettes and Tobacco Products in California, License Requirements for Retailers* for more information about recordkeeping.

IMPORTANT REMINDER: Invoices must be kept at the retail location for at least one year after the date of purchase and made available for inspection upon request during normal business hours.

Any retailer who fails, refuses, or neglects to retain or make available invoices for inspection is in violation of the Licensing Act and may be cited.

Cigarettes and tobacco products transferred between stores

If you own more than one store and licenses are held by the same legal entity, you may be allowed to transfer cigarettes and tobacco products between stores belonging to the same legal entity. When transferring cigarettes and tobacco products, legible transfer records and copies of the original purchase invoice must be kept at each location involved in the transfer. Such transfer records, which must be prepared at the time of transfer, must include the address of each store, the purchase invoice date, the purchase invoice number, the supplier’s name and license number on the invoice, a detailed description of the items transferred including type of packaging, flavor and/or style, and the quantity transferred. Sales transactions between retailers are prohibited.

General Interest

New “Frequently Asked Questions” (FAQs) and other website updates/changes

We have updated several of our Special Tax and Fee program webpages to include FAQs. We anticipate updating the remaining program pages in the coming months. From the main Special Taxes and Fees programs webpage, select the applicable program, and then select “Frequently Asked Questions” under “Information About.”

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Pending Regulations

Cigarette and tobacco products tax Regulation 4076, *Wholesale Cost of Tobacco Products*, and Regulation 4001, *Retail Stock*, are proposed regulations to clarify the definitions of “wholesale cost” and “retail stock” with regard to tobacco products. The first two Interested Parties Meetings were held earlier this year. These proposed regulations will be discussed at a to-be-determined 2016 Business Taxes Committee Meeting.

New and revised Special Taxes and Fees publications – August 2014 – August 2015

Publication Name	Publication	Revision Date
Board of Equalization Resource Guide to Free Tax Products and Services	Pub 51	08/14
Managed Audit Program	Pub 53	09/15
Cigarette Distributor Licensing and Tax Stamp Guide	Pub 63	01/15
Sales of Cigarettes and Tobacco Products in California – License Requirements for Retailers	Pub 78	08/15
Cigarette and Tobacco Products Taxes	Pub 93	06/15
Online Services	Pub 439	09/14

Annual Taxpayers’ Bill of Rights Hearings

Do you have suggestions for improving our services? Do you have an idea for changing a tax or fee policy or procedure? If you do, share your ideas and concerns with our Board Members at our annual Taxpayers’ Bill of Rights hearings. You may present your proposal in person or in writing for either the business or property tax portion of the hearings.

Although you are not required to make advance arrangements to speak, it will help us prepare if you contact the Taxpayers’ Rights Advocate Office at 1-888-324-2798 beforehand to let us know your topic. If your proposal is complex or extensive, we encourage you to submit it in advance and then summarize it in your oral presentation.

The annual Taxpayers’ Bill of Rights hearings for 2016 are scheduled for April 26 in Culver City and May 24 in Sacramento, both starting at approximately 1:30 p.m.

For more detailed information about the hearings, please call the Taxpayers’ Rights Advocate Office or visit our [Taxpayers’ Rights Advocate Office](#) webpage where you can also view the office’s latest annual report.

Know your rights

As a taxpayer, you have many rights under the law, including the right to:

- Information and assistance to help you comply with the law;
- Fair and courteous treatment and prompt service;
- Confidentiality;
- Appeal a decision or file a claim for refund as allowed by law; and
- Address your elected Board Members.

Along with those rights, you have responsibilities to:

- Stay informed about tax laws and regulations that affect your business;
- Report and pay taxes and fees when due;
- Promptly respond to BOE attempts to contact you;
- Inform the BOE of changes to your business ownership or address; and
- Maintain adequate records.

For more information, see [publication 70](#), *Understanding Your Rights as a California Taxpayer*. You may also call the Taxpayers’ Rights Advocate Office if you have questions about your rights, or if you have not been able to resolve a problem through normal channels (for example, by speaking to a supervisor). The Advocate Office can be reached toll-free at 1-888-324-2798.

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 laws 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 threatening statement or gesture made to a BOE employee—even a statement made in jest—will be referred to our Internal Affairs Section for investigation.

Ethics at work —“Thank you” is enough

We would like to remind you that BOE policy prevents our employees from accepting gifts of any type. So if you are grateful to someone for going the extra mile to help you with a complicated issue, a simple “thank you” will do. You may also use our online [Customer Service Survey](#) form, *How Are We Doing?—Special Taxes & Fees Department*, to express yourself.