

PUBLICATION 403 ■ LDA

MARCH 2017

CALIFORNIA'S COUNTERFEIT-RESISTANT CIGARETTE TAX STAMP

CALIFORNIA STATE BOARD OF EQUALIZATION BOARD MEMBERS

SEN. GEORGE RUNNER (RET.), First District

FIONA MA, CPA, Second District

JEROME E. HORTON, Third District

DIANE L. HARKEY, Fourth District

BETTY T. YEE, State Controller



DAVID J. GAU, Executive Director

CALIFORNIA'S COUNTERFEIT-RESISTANT CIGARETTE TAX STAMP

The Board of Equalization (BOE) is introducing a color change to California's counterfeit-resistant cigarette tax stamp. This change implements the increased cigarette tax rate that takes effect on April 1, 2017, and builds upon the success of the high-tech stamping system in California. The tax stamp continues to use layered security printed on the stamp and combines overt and covert counterfeit-resistant features in the printed design. The tax stamp integrates high-security inks and forensic security features that provide ready authentication for BOE enforcement activities. These security features provide multiple hurdles that counterfeiters must overcome—enabling the BOE to prevent tax stamp counterfeiting, as well as tax evasion and illicit cigarette trade.

The following features are on all California cigarette tax stamps:

- All stamps are predominantly **red-orange**.
- A **color-shifting effect** visible to the naked eye on the left edge of all stamps; a green-to-blue shift effect should occur when the tax stamp is tilted slightly. Hold the tax stamp in front of you and note the color, then tilt the pack and see if the color changes on the tax stamp. If the ink doesn't appear shiny and change to blue, it's not a genuine tax stamp.
- A **unique 6-digit serial number** on the right side of the tax stamp, printed over an outline of the State of California. No two tax stamps will have the same serial number. If you see two tax stamps with the same serial number, you know at least one is counterfeit.
- **Tamper-evident surface cuts**, which make it difficult to remove or tamper with the tax stamps.

- An **image of a bear**, along with the abbreviation "CA" and the words "CALIFORNIA TAX PAID." This California-specific information clearly identifies the stamp's jurisdiction- no other state's tax stamp looks like ours.

Tax stamps are affixed to all cigarette packs and show either 20 or 25 as the denomination in the top right corner. On the same plane, a star icon that has micro text inscribed inside is visible.



If you notice any cigarette packs at your retail location that are missing a tax stamp, are improperly stamped, are affixed with a used stamp or the tax stamp does not appear to be genuine, or if there is an accumulation of unaffixed used tax stamps, you should notify the BOE at 1-888-334-3300.

To assist in even more accurate authentication of the tax stamp, a special low cost double filter validation device is available for purchase. This validator uses filters consisting of two types of polarizing material that reveal different color shades from the same ink. Through the right-hand filter, the ink appears bright, while through the other filter it appears dark. If you do not see this effect when using the validator, the tax stamp may not be genuine.

Validators are specifically designed to match the color-shift feature on genuine cigarette tax stamps.

This device provides retailers and enforcement agencies with a tool that is:

- Easy to use
- Practical
- Hand-held
- Effective
- Small and light as a credit card
- Reasonably-priced



Genuine tax stamps are simple to authenticate, yet very difficult to reproduce. Validators enable retailers and enforcement agencies to immediately determine the authenticity of a cigarette tax stamp.

Validator Purchasing Information

Validators can be purchased using an online ordering system, accessible through the BOE website at www.boe.ca.gov.

Validators will be distributed by an authorized BOE vendor. Each validator is \$5.00, plus sales tax and shipping and handling. Valid credit card payment is required at time of purchase. Validators will be shipped directly to the purchaser.

Please visit www.boe.ca.gov for additional information and details on the cigarette tax stamp.

For your reference, below are sample images of the prior and current tax stamp.

Prior Tax Stamp:



Current Tax Stamp:



California State Board of Equalization
PO Box 942879
Sacramento, CA 94279-0041

Note: Effective April 1, 2017, the red/orange tax stamp replaces the gold/yellow tax stamp. The red/orange tax stamp has the same features as the gold/yellow tax stamp. The BOE recommends that you first sell/distribute cigarettes with the gold/yellow tax stamp affixed, as the gold/yellow tax stamp will not be valid at a future date which has yet to be determined .

Counterfeit tax stamps rob the state of tax revenues that support public services. Thank you for helping the BOE to prevent tax evasion.