

California Department of Tax and Fee Administration

Sales of Cigarettes and Tobacco Products in California

What All Retailers Should Know

THE LAW

The information in this presentation provides general information regarding the law and CDTFA processes. For detailed information, visit the CDTFA website or contact the offices listed at the end of this presentation.

California Cigarette and Tobacco Products Licensing Act

The California Cigarette and Tobacco Products Licensing Act (CTPLA) requires all sellers of cigarettes and tobacco products to be licensed with the California Department of Tax and Fee Administration (CDTFA):

- Retailers
- Wholesalers
- Distributors
- Importers
- Manufacturers



California state law defines “tobacco products” as:

- ❑ A product containing, made, or derived from **tobacco** or **nicotine** that is intended for human consumption, whether smoked, heated, chewed, absorbed, dissolved, inhaled, snorted, sniffed, or ingested by any other means, including, but not limited to, cigars, little cigars, chewing tobacco, pipe tobacco, shisha, or snuff, and as of June 2016, “electronic cigarettes.”

*Note: Therapeutic nicotine products approved by the U.S. Food and Drug Administration for smoking cessation are **not** considered a tobacco product; for example, a nicotine patch.*



Electronic Cigarettes

- ❑ Electronic cigarettes means any device or delivery system **sold in combination with** nicotine which can be used to deliver to a person nicotine in aerosolized or vaporized form, including, but not limited to, eCigarettes, eCigars, ePipes, eHookahs, or vape pens. Electronic cigarettes include any component, part, or accessory of such a device that is used during the operation of the device when **sold in combination with** any liquid or substance containing nicotine for a single price.
- ❑ Electronic cigarettes also include any liquid or substance containing nicotine, whether sold separately or sold in combination with any device that could be used to deliver to a person nicotine in aerosolized or vaporized form.



STATE LICENSE

What CTPLA License Do You Need?

Retailer License (LRQ*):

- ❑ Allows you to sell tax-paid cigarettes and other tobacco products (OTP) to legal-aged customers.
- ❑ Application license fee is \$265 per location; annual renewal fee is \$265 per location.
- ❑ Valid for 12 months; renewal reminder sent 60 days in advance.

Wholesaler License (LWQ):

- ❑ Allows you to obtain and sell tax-paid cigarettes and OTP to retailers and other wholesalers.
- ❑ Application license fee is \$1,200 per location; annual renewal fee is \$1,200 per location.
- ❑ Valid for a calendar year (Jan – Dec); renewal reminder sent in October.

Distributor License (LDQ):

- ❑ Allows you to sell tax-paid cigarettes and OTP to retailers, wholesalers, and other distributors.
- ❑ Application license fee is \$1,200 per location; annual renewal fee is \$1,200 per location.
- ❑ Valid for a calendar year (Jan – Dec); renewal reminder sent in October.
- ❑ Security deposit required.

- ❖ New locations must be added to your seller's permit before a cigarette and tobacco product license can be activated for that location.
- ❖ A license is not assignable or transferable.
- ❖ License fee may not be prorated.

**Beginning May 2018, the Retailer CTPLA license designation will change from LRQ to CRL.*

CDTFA Cigarette/Tobacco Products License

- ❑ Apply for a license online at:
<https://services.cdtfa.ca.gov/ereg/index.boe>
- ❑ Pay all license fees.
- ❑ Application may take 7-10 days to process.
- ❑ Upon approval, license and related information will be emailed to you.
- ❑ Must have and display license before making purchases or sales.
- ❑ CDTFA cigarette and tobacco products license is separate from a local city or county tobacco license.

MUST BE DISPLAYED CONSPICUOUSLY AT LOCATION ADDRESS FOR WHICH ISSUED

CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

**CIGARETTE AND TOBACCO PRODUCTS LICENSING ACT OF 2003
RETAILER'S LICENSE**

LICENSE NUMBER: _____

BUSINESS MAILING ADDRESS: _____

LOCATION ADDRESS: _____

EFFECTIVE DATE: _____

THIS LICENSE HAS BEEN ISSUED TO YOU UNDER DIVISION 114 COMMENCING WITH SECTION 22970 OF THE CALIFORNIA BUSINESS AND PROFESSIONS CODE.

NOT VALID AT ANY OTHER LOCATION ADDRESS.

IS HEREBY AUTHORIZED TO ENGAGE IN THE SALE OF CIGARETTES AND TOBACCO PRODUCTS.

THIS LICENSE IS VALID FOR THE EFFECTIVE DATE OR UNTIL SUSPENDED, REVOKED, OR CANCELED, AND IS NOT TRANSFERABLE. FOR GENERAL TAX QUESTIONS PLEASE TELEPHONE OUR CUSTOMER SERVICE CENTER AT 1-800-400-7115 (TTY:711). FOR INFORMATION ON YOUR RIGHTS, CONTACT THE TAXPAYERS' RIGHTS ADVOCATE OFFICE AT 1-888-324-2798 OR 1-916-324-2798. CDTFA-442-1-R REV. 4 (8-17)

A MESSAGE TO OUR LICENSE HOLDER

As a retailer, you have certain rights and responsibilities under the Cigarette and Tobacco Products Licensing Act of 2003. In order to assist you in your endeavor and to better understand the law, we offer the following informational sources:

- The Cigarette and Tobacco Products Licensing Act of 2003 (enacted under Division 114, commencing with section 22970) of the California Business and Professions Code.
- Our website at www.cdtfa.ca.gov
- Our toll-free Customer Service Center at 1-800-400-7115 (TTY:711).

As a retailer, you are expected to maintain the normal books and records of a prudent businessperson. You are required to maintain these books and records for no less than four years, and make them available for inspection by a California Department of Tax and Fee Administration (CDTFA) representative when requested. In addition, you must keep the records on file at the location identified on your license for at least one year after the date of purchase. Specific requirements are set forth in the Cigarette and Tobacco Products Licensing Act of 2003.

You must notify us if you are buying, selling, adding a location, or discontinuing your business; adding or dropping a partner, officer, or member; or when you are moving any or all of your business locations. This license is valid only for the type of ownership and location specified on the license. A person who obtains a license as a retailer who ceases to do business, or who never commenced business, or whose license has been suspended or revoked shall also notify the CDTFA immediately by writing to the California Department of Tax and Fee Administration, Compliance Branch, P.O. Box 942679, Sacramento, CA 94279-0088 in order to make arrangements to surrender the license, or by notifying the license to a CDTFA representative.

If you would like to know more about your rights as a taxpayer, or if you are unable to resolve an issue with the CDTFA, please contact the Taxpayers' Rights Advocate office for help by calling 1-888-324-2798 or 1-916-324-2798. Their fax number is 1-916-323-3319.

License must be displayed at location address for which issued and must be visible to your customers.

CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION
Compliance Branch