



# CDTFA

CALIFORNIA DEPARTMENT OF  
TAX AND FEE ADMINISTRATION



## **CIGARETTE AND TOBACCO PRODUCTS INSPECTIONS**

## Why are you inspecting my business?

Our representatives are conducting a routine inspection of your business to make sure you:

- Have the required permits, accounts, and licenses for your type of cigarette and tobacco products business,
- Understand your responsibilities as a cigarette and tobacco products business, and
- Are following the state laws that control the sale of cigarettes and tobacco products in California.

These inspections are authorized by the [California Cigarette and Tobacco Products Licensing Act of 2003](#) (Division 8.6 of the California Business and Professions Code), the [Cigarette and Tobacco Products Tax Law](#) (Part 13, Division 2 of the Revenue and Taxation Code), the [California Cigarette Fire Safety and Firefighter Protection Act](#) (Part 8, Division 12 of the California Health and Safety Code), and the [Stop Tobacco Access to Kids Enforcement \(STAKE\) Act](#) (Division 8.5 of the California Business and Professions Code).

## What are you looking for?

Our representatives will verify that:

- You have a valid cigarette and tobacco products license issued by us to sell cigarettes and tobacco products and any other required business permits, accounts, or licenses.
  - State law defines a tobacco product, for retail licensing purposes, to include any electronic smoking or vaping devices or any component, part, or accessory of a tobacco product, whether sold together or separately. If you sell any of these products at retail, you are required to have a cigarette and tobacco retailer license issued by us.
  - Retailers of electronic cigarettes are required to hold a California Electronic Cigarette Excise Tax (CECET) permit (account) and collect the CECET from the purchaser at the rate of 12.5 percent of the retail selling price of the electronic cigarettes containing or sold with nicotine. For more information, see our *Tax Guide for California Electronic Cigarette Excise Tax* at [www.cdtfa.ca.gov/taxes-and-fees/california-electronic-cigarette-excise-tax/](http://www.cdtfa.ca.gov/taxes-and-fees/california-electronic-cigarette-excise-tax/).
- Your cigarette and tobacco products license is displayed at each location and is clearly visible to the public.
- You bought your cigarettes affixed with a California tax stamp and tax-paid tobacco products from a distributor or wholesaler who has a valid cigarette and tobacco products license with us. **Sales between retailers are prohibited.** You may verify a license on our website at [www.cdtfa.ca.gov/taxes-and-fees/cigarette-licensees.htm](http://www.cdtfa.ca.gov/taxes-and-fees/cigarette-licensees.htm).
- You have complete and legible purchase invoices to support your cigarette and tobacco products inventory.

- You must keep purchase invoices for at least one year after the date of purchase at each licensed location. Please be sure to check our website to keep current on all requirements for cigarette and tobacco product invoices.
- The cigarettes in your inventory:
  - Have valid California tax stamps affixed,
  - Are listed on the Office of the Attorney General's California Tobacco Directory (Tobacco Directory) at [www.oag.ca.gov/tobacco/directory](http://www.oag.ca.gov/tobacco/directory) as legal to sell in California. Roll-your-own tobacco (RYO) must also be listed on the Tobacco Directory, and
  - Comply with the "low ignition propensity" fire safety requirements of California.
- The tobacco products in your inventory are tax-paid.
- You do not sell or have flavored cigarettes, flavored tobacco products, or tobacco product flavor enhancers.
- The cigarettes and tobacco products in your inventory are listed on the Unflavored Tobacco List (UTL) at [utl.doj.ca.gov](http://utl.doj.ca.gov).
- You do not sell or have cannabis, cannabis products, or presumed cannabis products, such as items containing or appearing to contain a synthetic cannabinoid, like gummies, or other cannabis products such as creams, dust, crystals, and so on.
- The STAKE Act signage is clearly posted at each cash register and other points of sale where cigarettes and tobacco products are sold.



## What will happen during the inspection?

Our representatives will enter your business, identify themselves to you or your employees, show their California Department of Tax and Fee Administration (CDTFA) identification, and explain the reason for the visit. We will ask you to:

- Show your personal identification.
- Provide the required permits and licenses.
- Provide permission to conduct the inspection and to access any areas where cigarettes, tobacco products, and tobacco product flavor enhancers may be stored (including locked areas or cabinets).
- Provide all cigarette and tobacco product purchase and sales invoices for the last 12 months, which are required to be kept at your business location.
- Identify where your cigarette and tobacco product purchase and sales invoices are located. These records are required to be kept for four years.



Our representatives will examine the cigarettes and tobacco products at your business location and any place such as other buildings or storage containers where you may have such products. Our representatives will electronically scan the tax stamps affixed to the cigarettes at your business locations, review your purchase and sales invoices to reconcile with your inventory, and take pictures of the business and product inventory as needed.

We will also give you a copy of [publication 78](#), *Sales of Cigarettes and Tobacco Products in California*.

We may also inspect for flavored cigarettes, flavored tobacco products, tobacco product flavor enhancers, cannabis, cannabis products, and presumed cannabis products that cannot be legally possessed or sold in this state. Our representatives will use the UTL to ensure that only unflavored cigarettes and tobacco products are available at your business location.

## **What happens if the representatives find products that I can't legally sell?**

Our representatives may seize any untaxed, counterfeit, flavored, or otherwise illegal cigarettes or tobacco products and tobacco product flavor enhancers found. We may also seize cannabis, cannabis products, and presumed cannabis products found at cigarette and tobacco product businesses. See our special notice, [L-1005](#), *Cigarette and Tobacco Businesses: Cannabis and Synthetic Cannabinoid Products Subject to Seizure and Penalties*, and our *Tax Guide for Cigarettes and Tobacco Products*.

Upon a seizure, we will:

- Explain the reasons for the seizure,
- Give you a property receipt for the products seized, and
- Provide you with our contact information.

We may also issue you a citation.

Any cigarettes or RYO tobacco not listed on the Tobacco Directory may be subject to seizure. Additionally, any

products not listed on the UTL may be seized, resulting in a \$50 penalty per individual package seized. Retailers and wholesalers should always check both the Tobacco Directory at [www.oag.ca.gov/tobacco/directory](http://www.oag.ca.gov/tobacco/directory) and UTL at [utl.doj.ca.gov](http://utl.doj.ca.gov) before buying cigarettes, RYO tobacco, and tobacco products from CDTFA licensed distributors or wholesalers.

When cigarettes or RYO tobacco are removed from the Tobacco Directory, retailers are allowed to possess, transport, and sell tax-stamped cigarettes or RYO tobacco for 60 days after the effective date of their removal.

## Can I get seized products back?

You have the right to ask that your seized products be returned. If our representatives seize any products during the inspection, we will mail you a notice listing the seized products and describing your rights to challenge the seizure. We will include CDTFA-1238-IB2, *Verified Petition for Release or Recovery of Property*, with the notice.

Under state law, seized products can only be returned if we seized such items illegally or in error. To ask for the return of your seized products, you must file the petition within 20 days from the date of personal service or the date of the mailing of CDTFA-1238-IB, *Notice of Seizure and Forfeiture*. If you were not served personally or by mail, you must file the petition within 20 days from the date of publication of the *Notice of Seizure and Forfeiture* on our website at [www.cdtfa.ca.gov/legal/seizurecigtoboprod.htm](http://www.cdtfa.ca.gov/legal/seizurecigtoboprod.htm). In your petition, you should explain why the seizure was illegal or a mistake. We will respond to your petition in writing (Revenue and Taxation Code [section 30438](#)). If you do not file a verified petition in a timely manner, you will forfeit your property to the State of California without further notice or hearing.

## What happens if I receive a citation?

If you receive a civil citation, we will mail you CDTFA-408, *Notice of Violation*. The notice will explain the specific violations for which you were cited, any civil penalties or consequences, your appeal rights, and other pertinent information.

If we issue you a criminal citation, you must appear in court as noted on the citation. You may also receive notice from the District Attorney's Office regarding the criminal proceedings. If you do not appear in court, a bench warrant will be issued against you. In addition to any criminal penalties that may be imposed by the courts, we may suspend or revoke your cigarette and tobacco products license and assess civil penalties. For more information, see [publication 161](#), *Criminal Citations Include a Civil Administrative Process*. After the court rules on your criminal citation, we will mail you CDTFA-408, *Notice of Violation*. The notice will provide the violations that were cited, any civil penalties, your appeal rights, and other pertinent information.

## What happens if my license is suspended or revoked?

Your cigarette and tobacco products license will not be valid during a license suspension period or after your license has been revoked, and you are prohibited from displaying for sale, selling, or gifting cigarettes or tobacco products during the suspension period or after the revocation. Continued sales or gifting after the effective date of suspension or revocation is a misdemeanor and will result in the seizure and forfeiture of all cigarettes and tobacco products in your possession.

CDTFA-459, *Notice of Suspension* or CDTFA-458, *Notice of Revocation* signage will be mailed to you. You must post the sign at each public entrance, each cash register, and any other points of sale at your suspended or revoked location.

You will be subject to a \$1,000 civil penalty for each offense if you:

- Do not post the *Notice of Suspension* or *Notice of Revocation* sign as required.
- Alter the suspension or revocation sign.
- Remove the suspension or revocation sign during the required posting period.
- Continue to display cigarettes or tobacco products for sale during the suspension period or after a revocation.

## Do I have any rights related to this inspection?

Yes, you have specific legal rights as a California taxpayer. Our representatives must honor and protect those rights. As explained in [publication 70](#), *Understanding Your Rights as a California Taxpayer*, you have the right to:

- Courteous and prompt service,
- Fair treatment,
- Confidentiality,
- Information and assistance, and
- Appeal an assessment.

## Can I file a complaint if I have concerns about the inspection or the representative's behavior?

Yes. If you believe a representative was unprofessional or violated your rights, you may file a complaint with the Inspections Section by:

- Calling 1-916-324-0105 and selecting option 3
- Filing a report at [www.cdtfa.ca.gov/report-violation.htm](http://www.cdtfa.ca.gov/report-violation.htm)
- Writing to:  
California Department of Tax and Fee Administration  
Inspections Section, MIC:42  
PO Box 942879  
Sacramento, CA 94279-0042

Be sure to fully explain your concerns in detail. An Inspections Section supervisor or manager will handle your complaint and contact you. If you are unable to resolve the issue with the supervisor or manager or prefer to have your complaint handled outside the Inspections Section, you may contact our Taxpayers' Rights Advocate Office.

## **Taxpayers' Rights Advocate Office**

If you would like to know more about your rights as a taxpayer or if you have not been able to resolve a problem through the normal channels (for example, by speaking to a supervisor), please see [publication 70](#) or contact the Taxpayers' Rights Advocate Office, [www.cdtfa.ca.gov/tra/](http://www.cdtfa.ca.gov/tra/) by:

- Calling 1-888-324-2798
- Emailing: [taxpayer.rights@cdtfa.ca.gov](mailto:taxpayer.rights@cdtfa.ca.gov)
- Writing to:  
California Department of Tax and Fee Administration  
Taxpayers' Rights Advocate Office, MIC:70  
PO Box 942879  
Sacramento, CA 94279-0070

## **For more information**

If you have any questions about the inspection, you may contact our Inspections Section at 1-916-324-0105 and select option 3.

For information regarding cigarette and tobacco products registration, licensing, tax, and business responsibilities, please read our *Tax Guide for Cigarettes and Tobacco Products* at [www.cdtfa.ca.gov/taxes-and-fees/cigarette-and-tobacco-products/](http://www.cdtfa.ca.gov/taxes-and-fees/cigarette-and-tobacco-products/) and our *Tax Guide for California Electronic Cigarette Excise Tax* at [www.cdtfa.ca.gov/taxes-and-fees/california-electronic-cigarette-excise-tax/](http://www.cdtfa.ca.gov/taxes-and-fees/california-electronic-cigarette-excise-tax/).

For registration or general questions, please call our Customer Service Center at 1-800-400-7115 (TTY:711) and select the option for *Special Taxes and Fees*. Customer service representatives are available Monday through Friday from 7:30 a.m. to 5:00 p.m. (Pacific time), except state holidays.

## **Classes, online seminars, education events**

We also offer free classes, online seminars, and educational events regarding cigarettes and tobacco products. These educational resources cover license requirements, recent law changes, the inspection process, records maintenance, application of penalties, and much more. To view upcoming events, visit our *Tax Education Events* webpage at [www.cdtfa.ca.gov/seminar/#cig](http://www.cdtfa.ca.gov/seminar/#cig) or call us at 1-916-324-0105 and select option 3 to register or obtain more information.

## Publications

The following publications related to cigarettes and tobacco products are available at [www.cdtfa.ca.gov/formspubs/all-forms-and-publications.htm](http://www.cdtfa.ca.gov/formspubs/all-forms-and-publications.htm). Some of these publications are also available in multiple languages. You may obtain a publication by calling our Customer Service Center at the number listed above.

- 63 *Cigarette Distributor Licensing and Tax Stamp Guide*
- 70 *Understanding Your Rights as a California Taxpayer*
- 78 *Sales of Cigarettes and Tobacco Products in California—License Requirements for Retailers*
- 93 *Cigarette and Tobacco Products Taxes*
- 152 *Cigarette and Tobacco Product Inspections*
- 161 *Criminal Citations Include a Civil Administrative Process*
- 403 *California's Counterfeit-Resistant Cigarette Tax Stamp*
- 407 *Master Settlement Agreement*
- 429 *Flavored Cigarettes Banned in the United States*
- 473 *Things Retailers Should Know Before Buying Cigarettes and Tobacco Products*

## Resources

- *What to Know About Your Cigarette and Tobacco Products Inspection* video at [www.youtube.com/watch?v=2k6Dgtdxo8Q](http://www.youtube.com/watch?v=2k6Dgtdxo8Q)
- *Tax Guide for Cigarettes and Tobacco Products* at [www.cdtfa.ca.gov/taxes-and-fees/cigarette-and-tobacco-products/](http://www.cdtfa.ca.gov/taxes-and-fees/cigarette-and-tobacco-products/)
- *Tax Guide for California Electronic Cigarette Excise Tax* at [www.cdtfa.ca.gov/taxes-and-fees/california-electronic-cigarette-excise-tax/](http://www.cdtfa.ca.gov/taxes-and-fees/california-electronic-cigarette-excise-tax/)
- *Tax Education Events* at [www.cdtfa.ca.gov/seminar/#cig](http://www.cdtfa.ca.gov/seminar/#cig)
- *Office of the Attorney General's California Tobacco Directory* at [www.oag.ca.gov/tobacco/directory](http://www.oag.ca.gov/tobacco/directory)

## Violating the law hurts all of us

To report suspected violations, call 1-888-334-3300 or visit our website at [www.cdtfa.ca.gov/report-violation.htm](http://www.cdtfa.ca.gov/report-violation.htm).

When you report a suspected violation to us, please provide the name of the suspect and business, location address, a description of the violation, the period of time when the violation occurred, and whether you have evidence to support the allegation.



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