



CDTFA

CALIFORNIA DEPARTMENT OF
TAX AND FEE ADMINISTRATION

SALES OF CIGARETTES AND TOBACCO PRODUCTS IN CALIFORNIA

License Requirements
for Retailers

What is a cigarette?

A *cigarette*¹ is defined as a rolled product for smoking of any size or shape that:

- Is made of any tobacco, flavored or not, and
- Has a wrapper made of paper or another material.

Exception: Products wrapped in tobacco or with a cover made mostly of tobacco (for example, cigars) are not cigarettes when they weigh more than three pounds per thousand sticks. Instead, these products are considered tobacco products.

What is a tobacco product?

*Tobacco products*² include, but are not limited to:

1. All forms of cigars (including little cigars),
2. Smoking or pipe tobacco (including shisha), chewing tobacco, and snuff,
3. Any product containing, made of, or derived from any amount of tobacco that is intended for human consumption,
4. Any product containing, made of, or derived from any amount of nicotine that is intended for human consumption and sold with or without a delivery device or system (for example, eLiquid with nicotine),
5. Electronic cigarettes (eCigarettes) or any device or delivery system sold in combination with nicotine for a single price, and
6. Any component, part, or accessory of an eCigarette that is used during the operation of the device when sold in combination with nicotine (for example, a battery used in the operation of the device sold with nicotine for a single price).

California state law also defines a tobacco product,³ for cigarette and tobacco products retail licensing purposes, to include any:

1. Product containing, made of, or derived from tobacco or nicotine that is intended for human consumption,
2. Electronic device that delivers nicotine or other vaporized liquids, and
3. Component, part, or accessory of a tobacco product, whether or not sold separately.

Examples include, but are not limited to, eCigarettes, atomizers, vaping tanks or mods, and eLiquid or eJuice.

Tobacco products do not include cigarettes, food products,⁴ or any product that the U.S. Food and Drug Administration has approved for sale as a tobacco cessation product or for other therapeutic purposes (for example, nicotine patches).

Who is required to have a California Cigarette and Tobacco Products Retailer's license?

Retail sellers of cigarettes and tobacco products in California are required to have a Cigarette and Tobacco Products Retailer's license and must:

- Have a valid license prior to purchasing tax-paid products from California licensed distributors or wholesalers and prior to making retail sales of cigarettes or other tobacco products to consumers (Cigarette and Tobacco Products Licensing Act of 2003 [Licensing Act]).⁵
- Obtain from us, a separate license for each location or vending machine from which retail sales of cigarettes or tobacco products are made.
- Display their license at each retail location in a manner clearly visible to the public.
- Pay an initial license application fee and an annual license renewal fee per location.

Retailers must obtain a distributor's license before purchasing untaxed cigarettes or tobacco products from an out-of-state seller who does not have a license issued under the Licensing Act. A retailer may not sell cigarettes or tobacco products to another retailer. A distributor's or a wholesaler's license is required to sell to another retailer.

Our license fees are listed at www.cdtfa.ca.gov/taxes-and-fees/special-taxes-and-fees-tax-rates/#cigarettelic.

Cigarettes and tobacco products are subject to the excise taxes imposed by the Cigarette and Tobacco Products Tax Law⁶ upon a distribution in this state. For more information on the excise taxes, see [publication 93, Cigarette and Tobacco Products Taxes](http://www.cdtfa.ca.gov/formspubs/all-forms-and-publications.htm), located at www.cdtfa.ca.gov/formspubs/all-forms-and-publications.htm.

California Electronic Cigarette Excise Tax

Retailers of eCigarettes are required to collect the California Electronic Cigarette Excise Tax (CECET)⁷ at the rate of 12.5 percent of the retail selling price of eCigarettes containing or sold with nicotine from the purchaser (California consumer) at the time of sale. The collection of the CECET is in addition to the sales and use tax.

A retailer that sells eCigarettes containing or sold with nicotine must:

- Register for a CECET permit (account),
- Include the CECET amount in any price marketing on any sign or display,
- Collect the CECET from the purchaser at the rate of 12.5 percent of the retail selling price of eCigarettes containing or sold with nicotine at the time of sale,

¹ Revenue and Taxation Code (RTC) [section 30003](#).

² RTC sections [30121](#) and [30131.1](#).

³ Business and Professions Code (BPC) [section 22950.5\(d\)](#).

⁴ RTC [section 6359](#).

⁵ [Division 8.6](#) (commencing with section 22970) of the BPC.

⁶ [Part 13](#) (commencing with section 30001) of Division 2 of the RTC.

⁷ [Part 13.6](#) (commencing with section 31000) of Division 2 of the RTC.

- Provide the purchaser with a receipt or other document that separately states the CECET and the amount they paid on each eCigarette retail sale,
- File a CECET return electronically, and
- Pay the excise tax to us.

For more information, please visit our *Tax Guide for California Electronic Cigarette Excise Tax* at www.cdtfa.ca.gov/taxes-and-fees/california-electronic-cigarette-excise-tax/.

Can a mobile seller get a retailer's license to sell cigarettes and other tobacco products?

No. A *mobile location* does not meet the statutory definition of a retail location. If you operate from a catering truck, lunch wagon, or other mobile facility, you do not qualify for a California Cigarette and Tobacco Products Retailer's License and, therefore, cannot sell cigarettes or tobacco products from your truck, wagon, or other mobile facility in California.

How do I apply for and renew my license?

You can apply for and renew your license using our Online Services at onlineservices.cdtfa.ca.gov.

When does my license expire?

A retailer's license is valid for a 12-month period from the date of issuance, is not transferable, cannot be prorated, and must be renewed annually. If you add another retail location, your 12-month renewal period for the new location will begin during the month your first retail location was obtained. We will send you a renewal reminder notice by mail and email prior to the expiration of your license. You must complete and submit the renewal application online with us to maintain your Cigarette and Tobacco Products Retailer's License. A renewal fee payment is required with your renewal application. If you do not renew your license and pay the renewal fee on time, your license will expire. You may not purchase or sell cigarettes or tobacco products without a valid Cigarette and Tobacco Products Retailer's License.

How do I pay my license or renewal fees?

You can make your payment online directly from your bank account. For more information, visit www.cdtfa.ca.gov/services/make-a-payment.htm.

I have a seller's permit. Am I still required to obtain this retailer's license?

Yes. The cigarette and tobacco products licensing requirement is in addition to other permits and licenses we issue. You must apply for and maintain a valid California seller's permit to be issued a Cigarette and Tobacco Products Retailer's License and to renew your license each year.

The state license is required by the Licensing Act. This law does not replace any local cigarette and tobacco products retail license you may be required to obtain. Additionally, some local jurisdictions have policies that cap the number or restrict the density of tobacco retailers within a geographical area. Before applying for or renewing a Cigarette and Tobacco Products Retailer's License, we advise you to check with your local health department for any local tobacco licensing requirements, which may be more restrictive than our requirements.

RESPONSIBILITIES OF RETAILERS

- Maintain a valid seller's permit and Cigarette and Tobacco Products Retailer's License.
- Pay the renewal fee and complete your renewal application timely.
- Display your license at each retail location so that it is clearly visible to the public.
- Purchase only cigarettes affixed with a California tax stamp and tax-paid tobacco products.
- Keep purchase invoices for cigarettes and tobacco products for four years.
 - Keep complete and legible cigarette and tobacco products purchase invoices at each licensed location for at least one year after the date of purchase. The invoices must be kept at the same location as the inventory.
- Allow our representatives or law enforcement officers to review your cigarette and tobacco products purchase invoices upon request.
- Purchase and sell only cigarettes and roll-your-own tobacco (RYO) authorized for sale in California as listed on the Office of the Attorney General's California Tobacco Directory (Directory) at oag.ca.gov/tobacco/directory.
- Purchase and sell only unflavored tobacco products listed on the California Attorney General's Unflavored Tobacco List (UTL) at utl.doj.ca.gov/utl.
- Do not purchase, possess, store, own, or sell banned flavored cigarettes, flavored tobacco products, or tobacco product flavor enhancers.
- Do not possess, store, own, or make a retail sale of cannabis, cannabis products, or presumed cannabis products (including products that contain synthetic cannabinoids) at any site where cigarettes and tobacco products are stored and sold.⁸ For more information, see special notice L-1005, *Cigarette and Tobacco Businesses: Cannabis and Synthetic Cannabinoid Products Subject to Seizure and Penalties*.

For more details regarding your responsibilities, we offer instructor-led [seminars](#) for retailers selling cigarettes and tobacco products.

Sell-off period for products removed from the Directory. A distributor or wholesaler is required to notify its licensed retailers when the California Attorney General recommends removal of a tobacco manufacturer or brand family from the Directory.

A licensed retailer is allowed to possess, transport, and sell tax-stamped cigarettes or tax-paid RYO removed from the Directory for no more than 60 days from the effective date of the manufacturer or brand family's removal from the Directory. After the 60-day sell-off period, our representatives are authorized to seize and destroy the cigarettes and RYO tobacco products.

Purchase invoice requirements. The invoices you receive from distributors or wholesalers must be legible and include the information below, or a citation may be issued:

- The name, address, telephone number, and license number of the distributor or wholesaler from whom you purchased the cigarettes or tobacco products.
- The amount of California cigarette and tobacco products taxes due to us from the distributor on the cigarettes or tobacco products listed on the invoice.

A licensed distributor who is also a licensed retailer or manufacturer may include the following statement instead of listing the amount of cigarette and tobacco products taxes due to us: "All California cigarette and tobacco product taxes are included in the total amount of this invoice."
- An itemized listing of the cigarettes or tobacco products purchased:
 - Cigarettes purchased must include the brand and style names, flavor, filter, packaging when applicable, number of cartons or packs sold, and the sales price.
 - Tobacco products purchased must include the brand, type (such as pipe, cigars, or RYO tobacco), flavor, packaging (such as pouches, tins, or boxes), quantity sold, and sales price.
- Your name, licensed location address, and Cigarette and Tobacco Products Retailer's License number.
- The date you purchased the cigarettes or tobacco products.

Cigarettes and tobacco products transferred between stores. Generally, the transfer of cigarettes and tobacco products is not permitted. However, if you own multiple retail stores under the same legal entity, you may transfer portions of your cigarettes or tobacco products inventory from one retail store to another retail store if the locations involved in the transfer are held by the same legal entity, and you:

- Prepare a transfer log or similar document at the time of each transfer that contains all the information below:

⁸ BPC section 22980.6(a).

- The date of the transfer.
- The transferring retailer's name, address, and license number where the original purchase was made.
- The receiving retailer's name, address, and license number where the product was transferred.
- The supplier's (distributor or wholesaler) name and license number, purchase invoice number, and date of original purchase.
- A legible itemized list by supplier, date of purchase, and purchase invoice number of the transferred product with detailed descriptions and quantity transferred.
- Keep the original transfer log or similar document for four years from the date of purchase.
- Keep copies of the transfer logs or similar document and purchase invoices at both locations involved in the transfer for at least one year from the date of the transfer.
- Provide copies of the transfer logs or similar document and purchase invoices for the transferred product upon request at the time of an inspection.

ENFORCEMENT

License display.⁹ If you do not display your license in a manner clearly visible to the public at each retail location where you sell cigarettes or tobacco products, we will subject you to a penalty of \$500 for each occurrence.

Records.¹⁰ You must keep and maintain legible, accurate, and complete records, including purchase invoices for your resale stock of cigarettes and tobacco products for four years. Invoices must be kept at the retail location for at least one year from the date of purchase. If you do not maintain records and provide them upon request to our representatives or a law enforcement agency, our representatives or a law enforcement agency may subject you to a misdemeanor citation punishable by a fine of up to \$5,000, imprisonment for up to one year in a county jail, or both.

Inspections.¹¹ Our representatives have the authority to inspect any location where cigarettes or tobacco products are sold, produced, or stored, or at any site where there is evidence of illegal activities. Consequently, both our representatives and law enforcement officers can inspect retail locations and seize any flavored or untaxed cigarettes and tobacco products, cigarettes without a valid California tax stamp, cannabis, cannabis products, or presumed cannabis products (such as synthetic cannabinoid products).

Any person who refuses to allow an inspection is guilty of a misdemeanor and is subject to a fine. Our representatives or a law enforcement agency will subject any retailer

in possession of untaxed cigarettes, untaxed tobacco products, flavored cigarettes, flavored tobacco products, tobacco product flavor enhancers, cannabis, cannabis products, or presumed cannabis products (such as synthetic cannabinoid products) to fines and penalties, such as a suspension or revocation of the license.

For more information about our inspections and your rights, see [publication 152, Cigarette and Tobacco Product Inspections](#), and watch our *What to Know About Your Cigarette and Tobacco Products Inspection* video at www.youtube.com/watch?v=2k6Dgtdxo8Q.

PRODUCT SEIZURES

Flavor ban.¹² The flavor ban prohibits retailers, including their employees or agents, from selling, offering, or possessing with the intent to sell flavored cigarettes, flavored tobacco products, and tobacco product flavor enhancers.

The flavor ban does not apply to flavored premium cigars with a wholesale price (retailer's purchase price) of \$12.00 or more, flavored loose-leaf pipe tobacco, and flavored shisha tobacco products sold by a hookah tobacco retailer at a licensed retail location that only allows people 21 years of age or older and operates in accordance with all state or local laws.

Unflavored Tobacco List. The California Office of the Attorney General published the Unflavored Tobacco List (UTL) on its website.¹³ The UTL, which will be updated regularly, identifies tobacco product brand styles that do not have a characterizing flavor and are legal to sell in California. Any tobacco product not on the UTL is prohibited under California's tobacco sales law and cannot be sold.¹⁴ Retailers may sell only the tobacco products listed on the UTL or tobacco products that are not banned by California's flavored tobacco sales law.

Our representatives or a law enforcement agency may seize all your flavored cigarettes, flavored tobacco products, or tobacco product flavor enhancers. The seized products will be deemed forfeited to the state and destroyed by us. In addition to seizing these products, we will impose a civil penalty of \$50 per individual package seized. Repeat offenders will also be subject to a license suspension or revocation issued by us.

Cannabis, cannabis products, and synthetic cannabinoid products are prohibited at cigarette and tobacco businesses.¹⁵ Cigarette and tobacco product businesses may not possess, store, own, or make a retail sale of cannabis, cannabis products, or presumed cannabis products (such as synthetic cannabinoid products) at any site where cigarettes or tobacco products are sold or stored.

Our representatives are authorized to seize cannabis, cannabis products, or products presumed to be cannabis products at your business location. In addition to a seizure, violators will be subject to the following penalties:

	Civil Penalties	
	Total retail value of seized cannabis or cannabis products is less than \$200	Total retail value of seized cannabis or cannabis products is \$200 or more
First violation	\$1,000	\$2,000
Second violation within five years	\$2,000 and five-day license suspension	\$5,000 and 10-day license suspension
Third violation within five years	\$5,000 and license revocation	\$10,000 and license revocation

Illegal purchases.¹⁶ It is illegal for retailers to purchase cigarettes or tobacco products from another retailer or any seller who is not licensed under the Licensing Act. If you make an illegal purchase, your cigarettes or tobacco products may be seized, your license may be suspended or revoked, and you may be subject to fines, imprisonment, or both.

To verify the license of a California cigarette and tobacco products distributor or wholesaler, visit our website at www.cdtfa.ca.gov/taxes-and-fees/cigarette-licensees.htm.

Illegal sales.¹⁶ It is illegal for retailers to sell cigarettes or tobacco products in this state without a seller's permit and a Cigarette and Tobacco Products Retailer's License or when their license has been suspended or revoked under the Licensing Act. If you make illegal sales of cigarettes or tobacco products, our representatives or law enforcement agencies may seize all of your cigarettes and tobacco products, which will not be returned to you.

Suspension or revocation of license.¹⁷ A cigarette and tobacco products license is not valid during a license suspension period or after the effective date of a license revocation. Selling, gifting, or displaying for sale cigarettes or tobacco products is prohibited without a valid license.

A retailer whose license is suspended is required to post the *Notice of Suspension* at the retail location where the infraction or violation occurred for the duration of the suspension period. A retailer whose license is revoked is required to post the *Notice of Revocation* at the retail location subject to the revocation for a 30-day period from the effective date of the revocation.

⁹ BPC section 22974.5.

¹⁰ BPC sections 22974 and 22981.

¹¹ RTC section 30435 and BPC sections 22980, 22981, 22974.2, and 22978.3.

¹² Health and Safety Code (HSC) sections 104559.1, 104559.5, and BPC section 22974.2.

¹³ HSC section 104559.1(m)

¹⁴ The UTL webpage provides a list of products that are exempt from California's flavored tobacco ban laws.

¹⁵ BPC section 22980.6

¹⁶ BPC sections 22974.7, 22980.1, and 22981.

¹⁷ BPC sections 22980.2, 22980.3, 22980.4, and 22980.5.

Continued sales or gifting of cigarettes or tobacco products during a suspension period or after the effective date of revocation is a misdemeanor and will result in the seizure and forfeiture of all cigarettes and tobacco products in the person's possession.

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

- Do not post the suspension or revocation notice as required.
- Alter the suspension or revocation notice.
- Remove the suspension or revocation notice before the required posting period.
- Continue to display cigarettes or tobacco products for sale during the suspension period or after a revocation.

FOR MORE INFORMATION

Visit our website at www.cdtfa.ca.gov or 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.

Tax Information Bulletin

The quarterly *Tax Information Bulletin* (TIB) includes articles on the application of law to specific types of transactions, announcements about new and revised publications, and other articles of interest. You can find the TIB on our website at www.cdtfa.ca.gov/taxes-and-fees/tax-bulletins.htm. Sign up for CDTF A email lists at www://cdtfa.ca.gov/subscribe/ to receive a notification when the latest issue of the TIB is posted to our website.

Taxpayers' Rights Advocate

Call toll-free 1-888-324-2798 for help with problems you have not been able to resolve through normal channels (such as speaking to a supervisor).

Please note: This publication summarizes the law and applicable regulations in effect when the publication was written. However, changes in the law or in regulations may have occurred since that time. If there is a conflict between the information in this publication and the law or regulations, decisions will be based on the law or regulations and not on this publication.

