



# Special Notice

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CDTFA WEBSITE  
[www.cdtfa.ca.gov](http://www.cdtfa.ca.gov)

CUSTOMER SERVICE CENTER  
**1-800-400-7115**

TTY  
**711**

## Tobacco Product Sales by Out-of-State Distributors to In-State Distributors

The sale of other tobacco products (OTP) by an out-of-state California-licensed tobacco products distributor to an in-state California-licensed tobacco products distributor **is not** considered a distribution of OTP in California by the out-of-state seller. Instead, the licensed distributor in California who purchases the OTP from out-of-state and who makes the distribution of OTP in this state owes the applicable excise tax.

### License Requirements

An out-of-state distributor who **is** engaged in business in California must have a California distributor license for licensing and tax reporting purposes (Revenue and Taxation Code [R&TC] section 30108). An out-of-state distributor who **is not** engaged in business in California may apply for a distributor license (R&TC section 30140.1) for licensing and tax reporting purposes. Out-of-state California-licensed distributors have the same responsibilities and requirements as in-state California-licensed distributors.

“Engaged in business” includes, but is not limited to:

- Maintaining, occupying, or using any type of business location. This includes use that is temporary, direct or indirect, or through any type of subsidiary or agent.
- Having a representative in California who sells, delivers, or takes orders of OTP.

Distributor licenses are required for each business location that distributes OTP in California (R&TC section 30140). A warehouse/storage location is not considered a location that distributes OTP unless direct OTP distributions are made from that warehouse/storage location.

### Calculation of Tax

The excise tax is due on the distributor’s wholesale cost of the OTP. The distributor’s wholesale cost is usually the list price on their purchase invoice from their supplier prior to any discounts or trade allowances. The tax rate that applies is the rate in effect at the time the distributor sells the OTP. For additional information on the wholesale cost, please read Regulation 4076, *Wholesale Cost of Tobacco Products*. Distributors responsible for paying the excise tax on taxable distributions (sales) must: indicate the excise tax on the sales invoice issued to customers; calculate the excise tax due based on their wholesale cost; report their distribution of the OTP, based on the date sold, on the tax return (*Tobacco Products Distributor Tax Return*) provided by the state; and, pay the total amount due to the state.

### For More Information

Current and historical tobacco products tax rates are available on our website at [www.cdtfa.ca.gov](http://www.cdtfa.ca.gov).

For more information regarding cigarette and tobacco products taxes, please refer to the online Cigarette and Tobacco Products Tax and Fee guide at [www.cdtfa.ca.gov](http://www.cdtfa.ca.gov), or call our Customer Service Center at 1-800-400-7115 (TTY:711) Monday through Friday, 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays, and select the option for *Special Taxes and Fees*.