



**CDTFA**  
CALIFORNIA DEPARTMENT OF  
TAX AND FEE ADMINISTRATION

# Cigarette Distributor Licensing and Tax Stamp Guide

## Table of Contents

Introduction to Cigarette Taxes and Distributor Licenses	2
Reporting Requirements as a Licensed Distributor	4
Purchasing Cigarette Tax Stamps	5
Maintaining Your Cigarette Distributor Account	8
Important Information Regarding Tax Stamps	9
For More Information	11

## Preface

This publication is designed to help cigarette distributors understand the California Cigarette and Tobacco Products Licensing Program and the Cigarette Tax Stamp Program. It provides general information on cigarette and tobacco products taxes, how to become a licensed cigarette distributor, and how to purchase California cigarette tax stamps.

If you cannot find the information you need about purchasing cigarette tax stamps in this publication, please call the Stamp Desk at 1-916-309-8200, or see [page 10](#) for contact information. Stamp Desk representatives are available to assist you Monday through Friday from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays. If you have general tax questions, please see [page 11](#) for contact information.

---

*Please note:* This publication summarizes the law and applicable regulations in effect when the publication was written as noted on the back cover. Changes in the law or regulations may have occurred since that time. If there is a conflict between the text in this publication and the law, decisions will be based on the law and not on this publication.

# Introduction to Cigarette Taxes and Distributor Licenses

## What is a cigarette?

Under California law (Revenue and Taxation Code [R&TC] [section 30003](#)), a cigarette 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 any other material.

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

## Which California excise taxes apply to cigarettes? How are they paid?

Cigarettes are subject to the *cigarette tax* and the *cigarette and tobacco products surtaxes*. Cigarette distributors pay the tax and surtax to the State of California by purchasing cigarette tax stamps from the California Department of Tax and Fee Administration (CDTFA). Distributors must attach a stamp to each package of cigarettes before distribution. Distributors receive a purchase discount to help offset the costs of applying the stamps. Distributors may include the cost of the stamps in the selling price of the cigarettes they charge to their customers. The cost of the cigarette tax stamp includes all the above-mentioned taxes in effect. For current cigarette tax rates, visit [www.cdtfa.ca.gov/taxes-and-fees/tax-rates-stfd.htm](http://www.cdtfa.ca.gov/taxes-and-fees/tax-rates-stfd.htm).

It is illegal to place a California cigarette tax stamp on any cigarette package unless the manufacturer and brand family are listed in the California Tobacco Directory located on the Office of the Attorney General's website. For more information, visit [www.oag.ca.gov/tobacco/directory](http://www.oag.ca.gov/tobacco/directory).

## Who is considered a cigarette distributor?

A cigarette distributor is a person or company that makes the first distribution of untaxed cigarettes in this state. In general, distributors purchase cigarettes before any tax is due, affix stamps to each package of cigarettes, then sell those stamped cigarette packages to wholesalers, retailers, and other distributors. Anyone who distributes cigarettes in California must register with us as a cigarette distributor.

## What permits and licenses are required?

### ***Seller's permit, distributor licenses, and stamp account requirements***

You must apply for a seller's permit, two types of distributor licenses, and a cigarette stamp account. You can apply online using our [Online Services](#) webpage. Visit our [Online Services guide](#) for more information about registration. Online registration is also available in all our offices, or you may contact our Customer Service Center for assistance at 1-800-400-7115 (CRS:711). Customer service representatives are available Monday through Friday from 7:30 a.m. to 5:00 p.m. (Pacific time) except state holidays.

- ***Seller's Permit***—For more information, see [publication 73](#), *Your California Seller's Permit*.
- ***Cigarette Distributor's License***—You need a license to distribute cigarettes and file monthly returns or reports that detail your cigarette distributions. You must apply for and obtain a license for each place of business where you distribute cigarettes. To obtain this license, you must apply with us and post a minimum of \$1,000 security (see additional security information for deferred payments beginning on [page 9](#)). Acceptable forms of security include cash deposits, surety bonds, letters of credit, deposit accounts in banks, and state and federal credit union shares. There is no renewal requirement for this license, but we may suspend or revoke your license if you do not comply with the requirements of the tax law.



- **Cigarette and Tobacco Products Distributor's License.** You also need a license to purchase and maintain untaxed cigarettes and to sell cigarettes in California. You need a license for each business location where you distribute cigarettes. A Cigarette and Tobacco Products Distributor's License is valid for one calendar year upon payment of an application fee. The license is not transferable and must be renewed annually. A license fee payment is required for each location at initial registration and every year at the time of renewal and may not be prorated. For license fees, visit [www.cdtfa.ca.gov/taxes-and-fees/tax-rates-stfd.htm](http://www.cdtfa.ca.gov/taxes-and-fees/tax-rates-stfd.htm).
- **Cigarette Stamp Account.** You will also need a separate account to order cigarette tax stamps.





## Reporting Requirements as a Licensed Distributor

### Filing requirements for licensed distributors

All licensed distributors are required to file returns or reports along with the accompanying schedules on or before the 25<sup>th</sup> of the month following the reporting period. Tax returns and reports must be filed even if no transactions were made during the reporting period. All records must be kept and maintained at the distributor's licensed premises in California unless another location has been approved by us. Returns or reports along with the accompanying schedules must be filed electronically.



### PACT Act Requirements for California Licensed Cigarette and Tobacco Products Distributors

The federal [Prevent All Cigarette Trafficking Act of 2009](#) (PACT Act) requires all persons who sell, transfer, or ship for-profit cigarettes, smokeless tobacco products (such as roll-your-own [RYO], chew, and snuff), or Electronic Nicotine Delivery Systems (ENDS) in interstate commerce to register and file monthly reports with the tobacco tax administrator of the state into which shipment is made no later than the 10<sup>th</sup> day of each month.

Interstate commerce is defined as commerce between a state and any place outside the state, commerce between a state and any Indian Country in the state, or commerce between points in the same state but through any place outside the state or through any Indian Country. These provisions apply to California's tribal reservations, as well as to both in-state and out-of-state distributors shipping cigarettes, smokeless tobacco products, and ENDS into California.

You are required to file PACT Act reports with us if you are physically located outside of California and ship cigarettes, smokeless tobacco products, or ENDS into California, or you are physically located and licensed in California and make distributions to any Indian Country in California.

For additional information on the PACT Act, you may view our [Tax Guide for Cigarettes and Tobacco Products](#) under the [PACT Act & Consumer](#) tab on our website.

# Purchasing Cigarette Tax Stamps

## How do I register to purchase cigarette tax stamps?

To purchase cigarette tax stamps from us, you must be a licensed cigarette distributor with a cigarette stamp account and have a stamping machine.

To register, you must apply for a cigarette stamp account through our [Online Services](#) webpage.

## How do I obtain stamping equipment?

You can purchase or lease two types of stamping machines depending on the volume of stamps you will affix. Vendors of both machines can assist you with your equipment needs and installation requirements (wiring, data lines, and air compressors). For a high-volume stamping machine, please contact United Silicone at 1-800-639-3799 or Redstamp at 1-616-878-7771, extension 3. For a low-volume stamping machine, please contact Form 10 Group at 1-831-675-6010.

## Are there cigarette tax stamp purchasing options?

Yes. At the time you register through our Online Services webpage as a cigarette distributor, you must choose to purchase stamps on a *cash basis*. You may request to be on a *deferred payment basis* (on credit) after establishing six months of stamp ordering history. When requesting to be on a deferred payment basis, you will be required to answer a series of questions that you will submit through our Online Services webpage.

We will notify you in writing whether your request for a deferred payment basis is approved or denied. If we approve your request, we will notify you of the credit limit and effective start date for your deferred payments.

If you have any questions about the stamp purchasing process, you may contact the Stamp Desk at 1-916-309-8200.

You can only choose one option for your payment. Once approved, you will be required to purchase stamps under the authorized option for at least one year from the date the election is made.

Payment due dates for stamp orders placed on a deferred payment basis are determined based on the date the order is submitted and not the date the order is shipped by the stamp manufacturer.

The following deferred payment options are available:

- **Monthly Payments**—If you elect this option, you must provide us with security equal to no less than 70 percent of the amount that may be deferred. Your payments are due on the 25<sup>th</sup> day of the month following the month when you purchased stamps.
- **Twice-Monthly Payments**—If you elect this option, you must provide us with security equal to no less than 50 percent of the amount that may be deferred. Your payments are due on the 5<sup>th</sup> and 25<sup>th</sup> days of the month following the month when you purchased stamps.
- **Weekly Payments**—If you elect this option, you must provide us with security equal to no less than 25 percent of the amount that may be deferred. Your payments are due on Wednesday of the following week when you purchased stamps.

However, upon our authorization, no additional security is required if you meet *all* the following criteria:

- Your average monthly purchase of stamps for the previous 12 months did not exceed seventy-two thousand (72,000) stamps.
- You have been licensed with us for a minimum of five years.
- You have remained in good standing (no late payments or filing of returns/reports) for the last three consecutive years.

- You provide us, and update as necessary, an email address for the purpose of receiving payment information, including, but not limited to, amounts owing for stamps and meter register settings purchased.

Acceptable forms of security include cash deposits, surety bonds, letters of credit, deposit accounts in banks, and state and federal credit union shares.

### ***Penalties apply to late deferred payments***

We apply a ten percent penalty and interest charge to late payments. We may immediately suspend your privilege to purchase stamps on the deferred payment basis or reduce your credit limit if you do not pay in full by the due date.



## **How do I order cigarette tax stamps?**

After you become a registered cigarette tax stamp purchaser, you may order tax stamps directly through our website by selecting the *Order Cigarette Tax Stamps Online Now* link on our [Online Services](#) webpage. After you log in with your username and password, click on your cigarette stamp account under the *Accounts* tab of your online profile page, then click on the *Order Cigarette Stamps* under the *I Want To* section.

You may authorize more than one person to make stamp purchases on your behalf. To gain access to the cigarette stamp account, representatives may request third-party access to the account, or authorized individuals may add representatives by creating secondary logons. If you have any questions regarding the online process for designating representatives to make purchases on your behalf, please contact the Stamp Desk at 1-916-309-8200.

Watch our video tutorial, *How to Order Cigarette Tax Stamps*, on our website at [www.cdtfa.ca.gov/services/#Tutorials](http://www.cdtfa.ca.gov/services/#Tutorials).

You may change your password at any time by logging in to your cigarette stamp account, selecting *Settings* from the menu bar, and choosing the *Change Password* link under the *I Want To* section.

If you forget your password, please select the *Forgot Password* link from the Online Services webpage, and follow the instructions or contact the Stamp Desk at 1-916-309-8200 for assistance.

Stamp purchase orders received before 10:00 a.m. (Pacific time) will be processed the same day. Your stamps will be shipped by the manufacturer after your order is approved.

The stamp manufacturer will not process stamp purchase orders on certain holidays. To make sure you have an uninterrupted supply of cigarette tax stamps, please place your stamp purchase order with the Stamp Desk *at least two business days* before a holiday. You can find the holiday schedule on our [website](#).



## What options should I consider as I place my stamp purchase order?

### **Stamp denominations**

Stamps are sold in the denominations noted below in full rolls. The denomination number refers to the number of cigarettes in a package of cigarettes. Your stamp purchase order must indicate the number of rolls you need of each denomination.

- Large roll of 20 denomination: 30,000 stamps per roll (for high volume stamp machines only)
- Small roll of 20 denomination: 1,200 stamps per roll (for low volume stamp machines)
- Small roll of 25 denomination: 1,200 stamps per roll (for low volume stamp machines)

### **Stamp discount**

Cigarette tax stamps are sold to licensed distributors less a discount of 0.85 percent, which is capped at the first \$1.00 of the cost of each stamp. This discount is to help offset the cost of affixing cigarette tax stamps.

### **Shipping options**

The stamp manufacturer will ship your cigarette tax stamps within one business day from the date we approve your stamp purchase order. You must select one of two shipping options when ordering online. If you require shipping by both methods, you must submit a separate stamp purchase order for each method. If you do not select a shipping option, the standard shipping option will apply.

- **Standard option**—After your stamp purchase order is approved, you will receive your stamps within three business days of the shipping date. There is no shipping charge for this option.
- **Expedited option**—After your stamp purchase order is approved, you will receive your stamps within one business day of the shipping date. There is an additional charge for this shipping option. As a cigarette distributor, you will need to provide the stamp manufacturer with either your Federal Express (FedEx) or United Parcel Service (UPS) carrier account number. The stamp manufacturer will bill your company's FedEx or UPS carrier account. Your carrier will charge you for the additional cost. Contact the stamp manufacturer at 1-630-682-6272 for the cost of expedited shipping to your area.

## How do I pay for the stamps?

All purchases of cigarette tax stamps must be paid through our [Online Services](#) webpage. If you have any questions, please contact the Stamp Desk at 1-916-309-8200.

## How can I determine the status of my order?

For online orders, you will receive a confirmation number verifying the cigarette tax stamp order was accepted. You may also call the Stamp Desk at 1-916-309-8200 if you have any questions regarding your stamp orders.

# Maintaining Your Cigarette Distributor Account

## Authorized purchasers

You must maintain authorizations that allow one or more designated individuals to purchase stamps for your cigarette distributor account. To add or remove authorized purchasers, please log in to our [Online Services](#) webpage with your username and password.

## Changes of mailing or email addresses

You must update us with any changes to your business or email address through our Online Services webpage.

## Changes to your data communications network

The stamp machines are synchronized daily with our Data Management System through a high-speed data line. If you plan to make changes to your data communications network, please call SICPA Customer Service at 1-800-313-2790. Staff can help guide you through any changes or adjustments to the stamping machine.



## Important Information Regarding Tax Stamps

### How to initiate a claim for refund for California cigarette tax stamps

To obtain a refund for California cigarette tax stamps affixed to cigarette packs which have become unfit for use or unsalable, you will need to submit a claim for refund through our [Online Services](#) webpage. If you are claiming refunds for cigarettes from multiple manufacturers, you must file a separate claim for refund for each manufacturer. You will be prompted to provide information regarding your refund claim including your cigarette stamp account number, the number and denomination of California cigarette tax stamps affixed to the packages of cigarettes, and the reason for the refund.

Upon review of your online claim for refund request, a CDTFA team member will contact you to arrange for an onsite verification of the cigarette tax stamps affixed to unfit or unsalable packages of cigarettes. Prior to the onsite verification, you will be given instructions on how to prepare for your onsite verification, which may include sorting the packages of cigarettes in open cartons by brand family. In addition, you must also have your staff available during the onsite verification to void the cigarette tax stamps using an indelible marker. After we perform the verification, you must return the verified stamped packages of cigarettes to the manufacturer. You must then provide a copy of the manufacturer's credit memorandum and/or affidavit to us before your claim for refund can be processed.

If the stamped packages of cigarettes are not returned to the manufacturer for destruction, the product must be destroyed in the presence of a CDTFA employee, or your claim for refund will be denied. Destruction of product may include, but is not limited to, shredding, cutting, burning, or depositing directly into a landfill.

Distributors who wish to return unaffixed tax stamps for a refund should file a claim for refund through our Online Services webpage by selecting *Submit a Cigarette Stamp Refund Claim* using their cigarette stamp account. When a claim is submitted online, there are instructions on how to return the stamps to us. Distributors will be prompted to provide the number of cigarette stamps included in the claim.

### Destruction of unstamped cigarettes

If you destroy unstamped cigarettes without a CDTFA employee present, you may be liable for any unpaid excise tax. Please contact us before you destroy unstamped cigarettes to make sure that you receive proper credit on your cigarette inventory. To arrange for a CDTFA employee to be present for the destruction, please call 1-916-309-0301 or email [adab@cdtfa.ca.gov](mailto:adab@cdtfa.ca.gov).

### Defective/noncompliant stamps

If you have defective or noncompliant stamps, you should promptly notify the stamp manufacturer at 1-630-682-6272 and arrange to have a technician from the manufacturer validate the problem with the defective stamps. You should also notify the Stamp Desk at 1-916-309-8200.

If the manufacturer's technician determines that the stamps cannot be used, you should complete a [CDTFA-413-ACTS](#), *Cigarette Distributor's Report of Returned Stamps*, for each roll of defective or noncompliant stamps and have the stamp manufacturer's technician sign and date each form.

Fax the completed CDTFA-413-ACTS to the Stamp Desk at 1-916-327-6235.

Retain a copy for your records. Enclose the original with the defective stamps that are being returned to the stamp manufacturer. The stamp manufacturer will coordinate with you on how the defective stamps will be replaced.



## Cigarette tax stamp questions

If you have specific questions regarding cigarette tax stamps, please contact the Stamp Desk. Stamp Desk representatives are available to assist you Monday through Friday from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.

### **By mail:**

California Department of Tax and Fee Administration  
Cigarette Tax Stamp Program, MIC:41  
PO Box 942879  
Sacramento, CA 94279-0041

### **By telephone:**

Telephone: 1-916-309-8200  
Fax: 1-916-327-6235

### **By email:**

[www.cdtfa.ca.gov/taxes-and-fees/actsemail.aspx](http://www.cdtfa.ca.gov/taxes-and-fees/actsemail.aspx)

## For More Information

For additional information or assistance, please take advantage of the resources listed below.

### CUSTOMER SERVICE CENTER 1-800-400-7115 (CRS:711)

Customer service representatives are available Monday through Friday from 7:30 a.m. to 5:00 p.m. (Pacific time), except state holidays. In addition to English, assistance is available in other languages.

### OFFICES

Please visit our website at [www.cdtfa.ca.gov/office-locations.htm](http://www.cdtfa.ca.gov/office-locations.htm) for a complete listing of our office locations. If you cannot access this page, please contact our Customer Service Center at 1-800-400-7115 (CRS:711).

### INTERNET

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

You can visit our website for additional information—such as laws, regulations, forms, publications, industry guides, and policy manuals—that will help you understand how the law applies to your business.

You can also verify seller's permit numbers on our website (see [Verify a Permit, License, or Account](#)).

Multilingual versions of publications are available on our website at [www.cdtfa.ca.gov/formspubs/pubs.htm](http://www.cdtfa.ca.gov/formspubs/pubs.htm).

Another good resource—especially for starting businesses—is the California Tax Service Center at [www.taxes.ca.gov](http://www.taxes.ca.gov).

### 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 current TIBs on our website at [www.cdtfa.ca.gov/taxes-and-fees/tax-bulletins.htm](http://www.cdtfa.ca.gov/taxes-and-fees/tax-bulletins.htm). Sign up for our [CDTFA updates](#) email list, and receive notification when the latest issue of the TIB has been posted to our website.

### FREE CLASSES AND SEMINARS

We offer free [online](#) basic sales and use tax classes including a tutorial on how to file your tax returns. Some classes are offered in multiple languages. If you would like further information on specific classes, please call your local office.

### WRITTEN TAX ADVICE

For your protection, it is best to get tax advice in writing. You may be relieved of tax, penalty, or interest charges that are due on a transaction if we determine that we gave you incorrect written advice regarding the transaction and that you reasonably relied on that advice in failing to pay the proper amount of tax. For this relief to apply, a request for advice must be in writing, identify the taxpayer to whom the advice applies, and fully describe the facts and circumstances of the transaction.

For written advice on general tax and fee information, please visit our website at [www.cdtfa.ca.gov/email](http://www.cdtfa.ca.gov/email) to email your request.

You may also send your request in a letter. For general sales and use tax information, including the California Lumber Products Assessment, or Prepaid Mobile Telephony Services (MTS) Surcharge, send your request to: Audit and Information Section, MIC:44, California Department of Tax and Fee Administration, P.O. Box 942879, Sacramento, CA 94279-0044.

For written advice on all other special tax and fee programs, send your request to: Program Administration Branch, MIC:31, California Department of Tax and Fee Administration, P.O. Box 942879, Sacramento, CA 94279-0031.

### TAXPAYERS' RIGHTS ADVOCATE

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 normal channels (for example, by speaking to a supervisor), please see [publication 70, Understanding Your Rights as a California Taxpayer](#), or contact the [Taxpayers' Rights Advocate Office](#) for help at 1-888-324-2798. Their fax number is 1-916-323-3319.

If you prefer, you can write to: Taxpayers' Rights Advocate, MIC:70, California Department of Tax and Fee Administration, P.O. Box 942879, Sacramento, CA 94279-0070.

## Regulations, forms, publications, and industry guides

### ***Lists vary by publication***

Selected [regulations](#), [forms](#), [publications](#), and [industry guides](#) that may interest you are listed below. Multilingual versions of certain publications are also available on our [website](#).

### ***Regulations***

- 4500–4800 Cigarette and Tobacco Products Licensing Act Regulations
- 4001–4801 Cigarette and Tobacco Products Tax Regulations

### ***Publications***

- 78 *Sales of Cigarettes and Tobacco Products in California—License Requirement for Retailers*
- 93 *Cigarette and Tobacco Products Taxes*
- 152 *Cigarette and Tobacco Product Inspections*
- 201 *Special Taxes and Fees Newsletter*
- 403 *California’s Counterfeit-Resistant Cigarette Tax Stamp*

### ***Form***

- CDTFA-413-ACTS *Cigarette Distributor’s Report of Returned Stamps*

### ***Industry Guide***

- Tax Guide for Cigarettes and Tobacco Products*



**FOLLOW US ON SOCIAL MEDIA**



PUBLICATION 63 | MARCH 2023

CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION • 450 N STREET • SACRAMENTO, CALIFORNIA  
MAILING ADDRESS: P.O. BOX 942879 • SACRAMENTO, CA 94279-0001