

Reporting Requirements for Licensed Tobacco Wholesalers

Upcoming Changes to Licensed Distributor Reports Effective January 1, 2016

This notice provides information about upcoming changes to the monthly Licensed Distributor Report ("LDR"). These changes will become effective January 1, 2016.

In order to ensure full compliance with the applicable tobacco tax laws and the Master Settlement Agreement, licensed agents must report additional information on the LDR, including stamping activity, inventory, purchases and sales. The January 2016 report, due on February 15, 2016, will be the first report to include this additional information.

The Department will provide two methods to file the monthly LDR electronically. One method will be to upload a CSV (comma delimited) file with the necessary information. A standard file layout for this purpose can be found in the "tobacco taxes" section of the Department's website. The second method will be to enter the data into the Department's portal by answering a series of questions.

Licensed Agents Must File the LDR

All licensed agents must submit a monthly LDR whether or not any activity occurs during the month. "Licensed agent" means a person the state authorizes to affix tax stamps to packages or other containers of cigarettes or any person who is required to pay the tobacco tax. The categories of tobacco products that are required to be reported on the LDR include cigarettes, little cigars and roll-your-own tobacco.

Effective January 1, 2016, all licensed agents must report the information listed below on their monthly LDR.

In-State Wholesaler Reporting Requirements

In-state wholesalers must report the following:

- The number of cigarettes and little cigars that were stamped during the month, including Tennessee stamps and any other tax stamps.
- The ounces of roll-your-own tobacco on which tax was paid during the month, including Tennessee tax and tax for other jurisdictions.
- Inventory adjustments that may have occurred during the month.
- Beginning and ending inventory, purchases, and sales of:
 - Tennessee tax stamped Participating Manufacturer ("PM") cigarettes and tax paid PM roll-your-own tobacco.
 - Tax stamped or tax paid little cigars for all tax jurisdictions.
 - Tax stamped Non-participating Manufacturer ("NPM") cigarettes and tax paid NPM roll-your-own tobacco for all tax jurisdictions.
 - Unstamped cigarettes and little cigars and non-tax paid roll-your-own tobacco.

Out-of-State Wholesaler Reporting Requirements

Out-of-state wholesalers must report the following:

- The number of cigarettes and little cigars that were stamped during the month, including PM

cigarettes and little cigars with Tennessee stamps and NPM cigarettes with any tax stamps.

- The ounces of roll-your-own tobacco on which tax was paid during the month, including PM roll-your-own tobacco in Tennessee and NPM roll-your-own tobacco in all tax jurisdictions.
- Inventory adjustments that may have occurred during the month.
- Beginning and ending inventory, purchases, and sales of:
 - Tennessee tax stamped cigarettes and little cigars and Tennessee tax paid roll-your-own tobacco.
 - Unstamped NPM cigarettes and non-tax paid roll-your-own tobacco in all tax jurisdictions.

For out-of-state wholesalers, NPM cigarettes and NPM roll-your-own products stamped, purchased, sold or inventoried for use outside Tennessee and not on the [Tennessee Directory](#) are not required to be reported on the LDR.

Documentation and Licensing

Licensed agents are required to maintain all invoices and documentation of sales of cigarettes and/or any other information used to complete the LDR for a period of seven years.

Wholesalers must obtain a tobacco license through the Department of Revenue. This license must be renewed annually by May 31.

Wholesalers must comply with all Tennessee reporting and sales requirements. This includes filing tax forms and LDRs as well as only selling products listed on [Tennessee's Directory](#) of Approved Tobacco Product Manufacturers and products certified as fire-safe compliant.

Penalties May Be Assessed for Failure to File Accurately and on Time

A wholesaler who fails to timely and accurately comply with the reporting requirements outlined

above may be assessed civil penalties up to \$100 per day.

For More Information

Instructions for completing the LDR can be found in the "tobacco taxes" section of the Department's website. If you have any questions pertaining to the LDR, please email Resale.Data@tn.gov or call (855) 286-7423 (if outside Nashville) or (615) 741-9300 (if within Nashville).

Visit www.tn.gov/revenue. Click on Revenue Help to search for answers or to submit an information request to one of our agents.

References

Tenn. Code Ann. § 67-4-1002
 Tenn. Code Ann. § 67-4-1011
 Tenn. Code Ann. § 67-4-2604

Disclaimer: The information provided here is current as of the date of publication but may change as a result of new statutes, regulations, or court decisions. While this notice is intended to be comprehensive, events and situations unanticipated by this notice may occur. In such cases you should contact the department or your tax professional for further guidance.