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**Business Practices****Tobacco  
taxes  
notice**

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The Department of Revenue has discovered that some tobacco wholesaler dealers and jobbers are performing some acts contrary to the Tennessee Tobacco Law. This notice is to clarify certain procedures with respect to tobacco products.

Tenn. Code Ann. Section 67-4-1001(2) defines “Cigarette” as “all rolled, shredded, or cut tobacco, or any substitute therefore, wrapped in paper, or substitute therefore, and all rolled, shredded or cut tobacco, or any substitute therefore, wrapped in homogenized tobacco wrapper, and being within customary cigarette sizes and marketed in cigarette type packages.” Recently during an inspection of several retail locations, we discovered packages of little cigars, same size as cigarettes and packaged the same as cigarettes, for sale without the tobacco tax stamp affixed to each

package. In accordance with the above definition, these packages of little cigars are considered cigarettes for tax purposes and shall have a cigarette tax stamp affixed to each such package. Without a stamp, these packages are contraband and subject to confiscation.

We have also discovered wholesalers with a “cash and carry” counter at their location for making sales directly to the consumer. This practice is a violation of the Tennessee Tobacco Tax Law since by definition a wholesaler dealer and jobber may handle tobacco products for resale only and may not sell to the ultimate consumer. A violation of this provision could subject the license of such wholesaler to revocation by the department.

Have questions or comments? Please let us know. [Contact us.](#)

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