

******Vapor products are subject to tax effective July 1, 2025. Effective August 1, 2025, manufacturers of vapor products must register vapor products sold for retail sale in TN and retailers can purchase vapor products only from licensed distributors or wholesalers. Sales of vapor products not included in vapor product directory are prohibited in TN effective January 1, 2027.

See Important Notice # 25-06******



TN TOBACCO TAXES

December 2022 Tax Webinar

Thanks for joining us!

We will begin at 9:00 am (CST)

- **Please check your audio settings. See below for resources in case you experience audio or other technical difficulties:**
- Contact WebEx Support <https://help.webex.com/contact/>
 - Link to Technical Service Resource Guide
<https://www.cisco.com/c/en/us/support/web/tac/technical-services-resource-guide.html>
 - Try leaving and then re-entering the event

View a recording of today's presentation!

tn.gov/revenue > Taxpayer Education > Tax Webinars

<https://www.tn.gov/revenue/taxpayer-education/tax-webinars.html>

The webinar recording will be posted in the "Webinar Video Library" the day after the event.

- **Please submit specific account-related questions or any questions that do not get addressed in this webinar to us directly!**
- www.tn.gov/Revenue
 - Revenue.support@tn.gov
 - 615.253.0600 (M-F 8-4:30 CST)



Overview of Presentation

- **WHAT IS TOBACCO TAX?**
- **WHO PAYS IT?**
- **WHAT PRODUCTS ARE TAXED?**
- **THE ROLE OF RETAILERS**
- **ADDITIONAL REPORTING AND LICENSING REQUIREMENTS**
- **REGISTERING AND FILING**
- **Q&A**

Tobacco Taxes



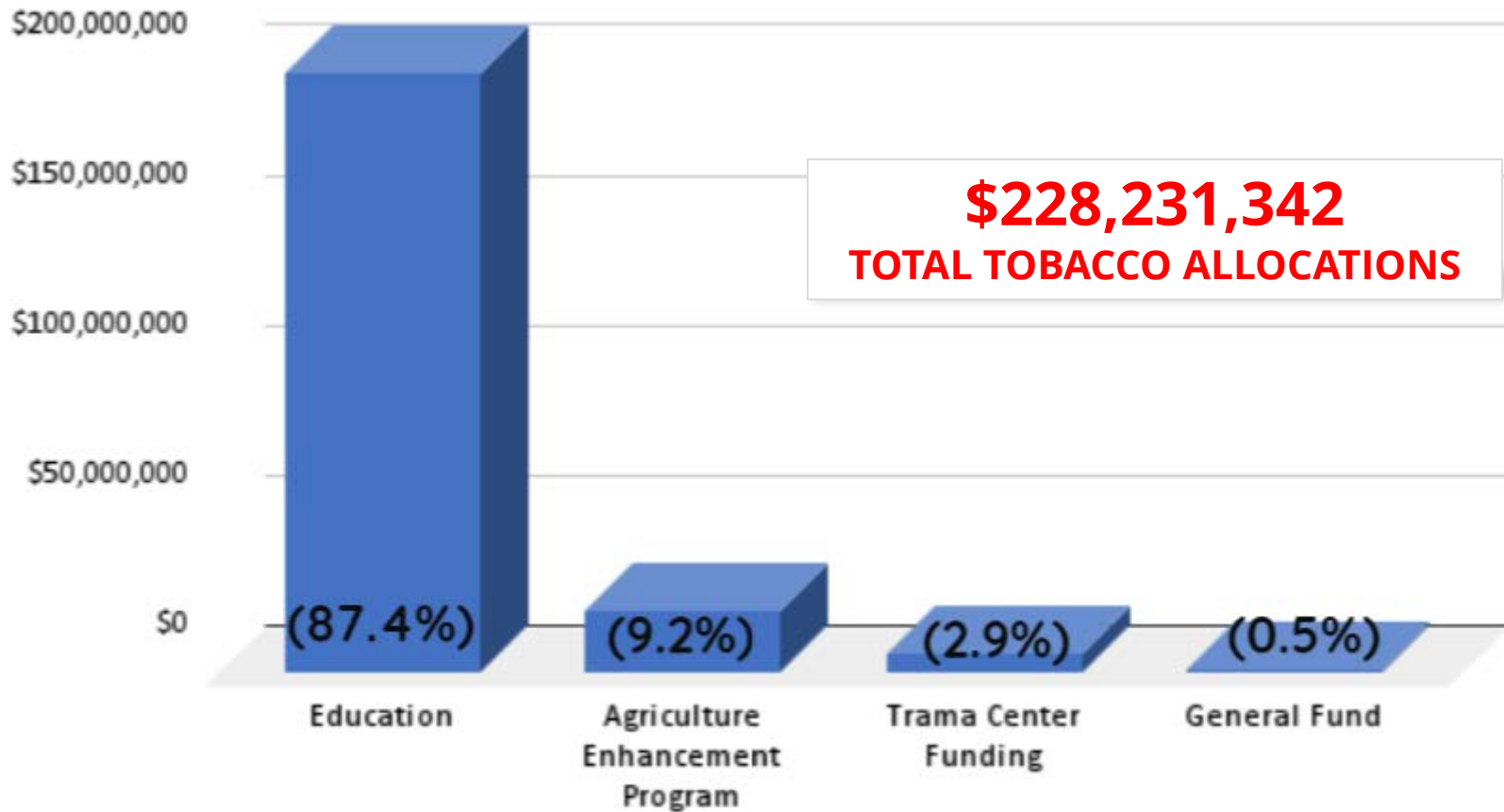
Dealers/distributors making **wholesale sales** of cigarettes/little cigars and other tobacco products (OTP) must be **licensed** and **remit tobacco tax**. There are **additional reporting requirements** as well.

TOBACCO TAX LAWS, RULES & REGULATIONS

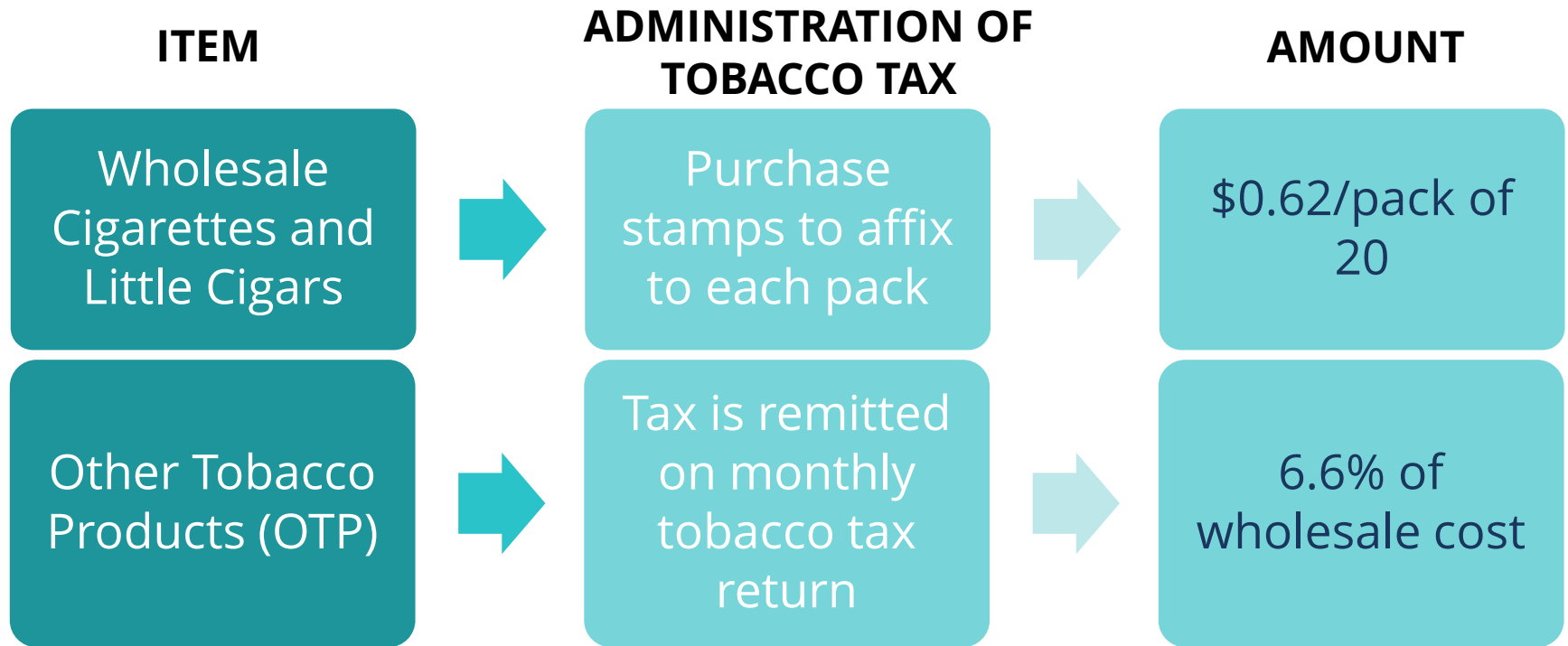
TCA § 67-4-1001 through § 67-4-1033 and TCA § 67-4-2601 through § 67-4-2610.
TENN. COMP.R. & REGS. 1320-04-03-.01 through 1320-04-03-.13.

Tobacco Tax Revenue

FY 2022 Allocations



Administration/Requirements



+ ADDITIONAL LICENSING AND REPORTING REQUIREMENTS...

Retailers of Tobacco Products ...

- are the only entities permitted to sell tobacco products directly to the consumer.
- may only sell tobacco products that are listed on TN's Directory of Approved Tobacco Product Manufacturers and have been certified as fire-safe compliant. Sign up for [EMAIL ALERTS!](#)
- can only sell cigarettes and little cigars that are already stamped.
- are allowed to purchase OTP and remit the tax themselves.
- are required to pay the tax on untaxed tobacco products purchased out-of-state.



Additional Requirements –Licensing

Licenses are required for....

- tobacco distributors
- wholesale dealers & jobbers
- manufacturing distributors
- tobacco manufacturer warehouses

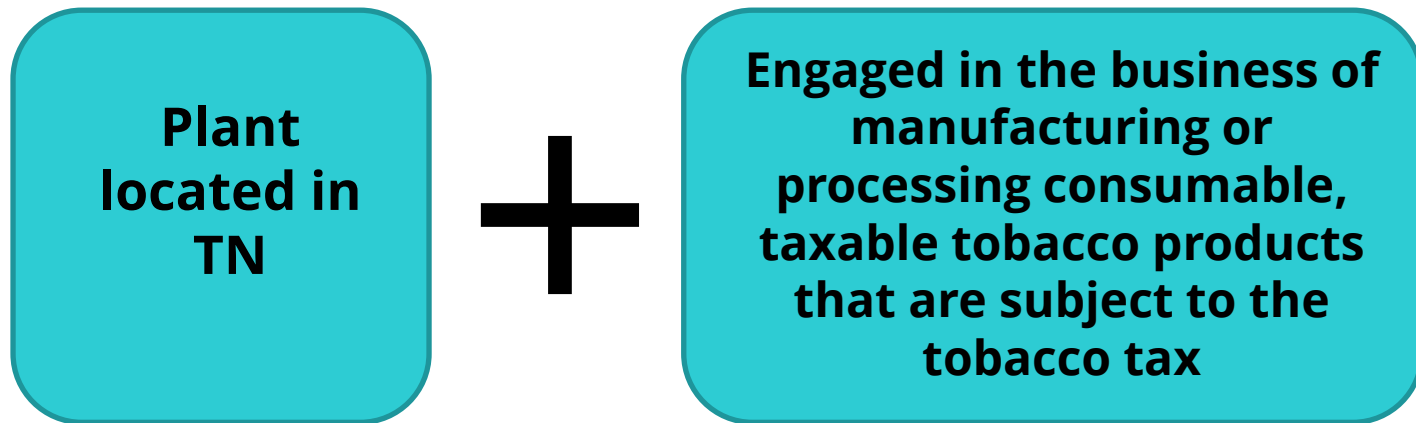
**ALL
LICENSES
EXPIRE ON
MAY 31**

If a taxpayer obtains a distributor or wholesaler license, it cannot also sell to consumers as a retailer.

RETAIL STORES DO NOT NEED TO BE LICENSED

Manufacturing Distributor License

REQUIRED IF...

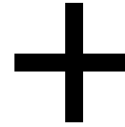


- FEE: \$200 per plant or processing location
- BOND REQUIREMENT: minimum \$2,000

Tobacco Manufacturer's Warehouse License

REQUIRED IF TAXPAYER...

Taxpayer maintains a warehouse/building/structure/etc where any tobacco products are stored to be distributed, but are maintained separate from the manufacturer's operation



Title to and control of distribution of the tobacco products stored remain with the manufacturer/processor

- FEE: \$200 per storage warehouse
- BOND REQUIREMENT: minimum \$20,000

Wholesale Dealer and Jobber License

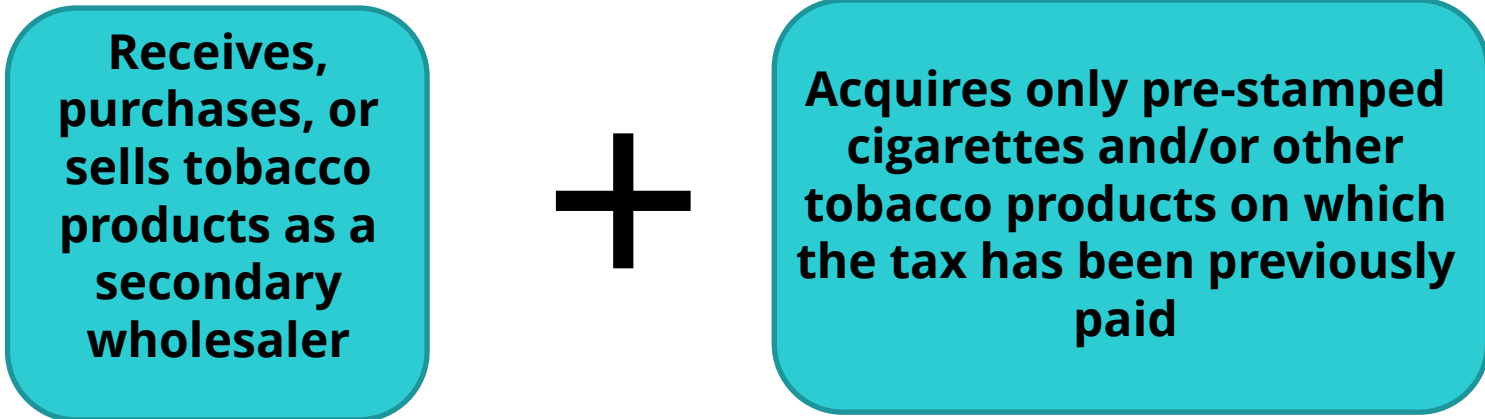
REQUIRED IF TAXPAYER...



- FEE: \$200 per separate sale warehouse
- BOND REQUIREMENT: minimum \$2,000

Tobacco Distributor License


REQUIRED IF TAXPAYER...




- FEE: \$100 per secondary wholesale location, no bond required

Sample License

00398 1 of 1


STATE OF TENNESSEE
DEPARTMENT OF REVENUE
Tobacco License/Permit

May 2, 2022


XXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXX

Letter ID: XXXXXXXX4
Account ID: XXXXXXXXX
Account Type: Tobacco Wholesaler

Dear XXXXXXXXXXXXXXX

We have received and processed your application for a license/permit. Your valid license/permit is attached below. The account number on this license/permit is used by the department to identify your account and should be shown on all reports and correspondence.

This license/permit is not transferable and separate license/permit is required for each separate place of business.

For additional information regarding this account you may call Taxpayer Services at 615-253-0600 between 8:00 a.m. and 4:30 p.m., Monday through Friday, holidays excepted.

Tennessee Department of Revenue
License/Permit
Tobacco Wholesaler Dealer

XXXXXXXXXXXXXXXXXXXX

Serial No. XXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXX

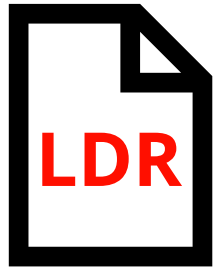
Issue Date: May 2, 2022
Account Type: Tobacco Wholesaler
Account No.: XXXXXXXXXXXX
Effective Date: June 1, 2022
Expiration Date: May 31, 2023

Licensing Penalties

**Penalty for failing to obtain/renew license =
Amount of the license fee for each month or
part of a month during which the activity or
failure continues.**

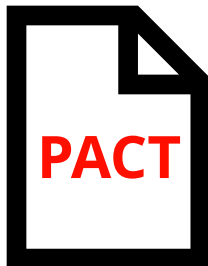
DISCRETIONARY PENALTY: there may be a penalty of no more than \$250/day for each day during which the activity or failure occurs or continues. It may also be imposed upon a person to whom a license has been issued, if the person continues to engage in the business or activity after receiving notice the license is revoked or suspended.

Additional Requirements –Reports



**Licensed Distributor
Report**

**All on
TNTAP!**



**Prevent All Cigarette
Trafficking**



**Retail Accountability
Program**



Toll-free: (855) 286-7423
Nashville-area: (615) 741-9300
E-mail: Resale.Data@tn.gov

Additional Requirement: LDR

The LDR reflects the total number of cigarettes, roll-your-own (“RYO”) tobacco, and little cigars in each brand family sold in Tennessee to which state tobacco tax stamps have been affixed and/or tobacco tax has been remitted during the month.

- Each wholesaler is required to file the report by the 15th day of each month.
- All invoices and documentation of sales of cigarettes and/or any other information used to complete the LDR are required to be maintained by the wholesaler for a period of seven years.
- There are differences in the requirements for in-state and out-of-state wholesalers

LDR: In-State Wholesalers Must Report:


- # of cigarettes and little cigars that were stamped during the month, including TN stamps and any other tax stamps.
- ounces of RYO 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:
 - TN tax stamped Participating Manufacturer (“PM”) cigarettes and tax paid on PM roll-your-own tobacco.
 - Tax stamped or tax paid on little cigars for all tax jurisdictions.
 - Tax stamped Non-participating Manufacturer (“NPM”) cigarettes and tax paid on NPM roll-your-own tobacco for all tax jurisdictions.
 - Unstamped cigarettes, little cigars, and RYO on which tax has not been paid.


LDR: Out-of-State Wholesalers Must Report:

- # number of cigarettes/little cigars that were stamped during the month, including PM cigarettes/little cigars with TN stamps and NPM cigarettes with any tax stamps.
- ounces of RYO on which tax was paid during the month, including PM RYO in TN and NPM RYO in all tax jurisdictions.
- inventory adjustments that may have occurred during the month.
- beginning and ending inventory, purchases, and sales of:
 - TN tax stamped cigarettes and little cigars and Tennessee tax paid on roll-your-own tobacco.
 - Unstamped NPM cigarettes and RYO on which tax has not been paid in all tax jurisdictions.


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


Sample LDR Report on TNTAP


Stamping Activity View/Edit			
Activity 			
Tennessee	Cigarettes	RYO (Dunces)	Little Cigars
Stamped	29,400	0.00	0
Other Tax Jurisdictions	0	0.00	0

Beginning Inventory View/Edit			
No Inventory 			
Tennessee	Cigarettes	RYO (Dunces)	Little Cigars
Stamped	0	0.00	0
Other Tax Jurisdictions	0	0.00	0
Unstamped/Non-Tax Paid	0	0.00	0

Sales View/Edit			
Activity			
Tennessee	Cigarettes	RYO (Dunces)	Little Cigars
Stamped	29,400	0.00	0
Other Tax Jurisdictions	0	0.00	0
Unstamped/Non-Tax Paid	0	0.00	0

Inventory Adjustments View/Edit			
No Inventory 			
Tennessee	Cigarettes	RYO (Dunces)	Little Cigars
Stamped	0	0.00	0
Other Tax Jurisdictions	0	0.00	0
Unstamped/Non-Tax Paid	0	0.00	0

Purchases View/Edit			
No Activity 			
Tennessee	Cigarettes	RYO (Dunces)	Little Cigars
Stamped	0	0.00	0
Other Tax Jurisdictions	0	0.00	0
Unstamped/Non-Tax Paid	0	0.00	0

Ending Inventory View/Edit			
No Inventory 			
Tennessee	Cigarettes	RYO (Dunces)	Little Cigars
Stamped	0	0.00	0
Other Tax Jurisdictions	0	0.00	0
Unstamped/Non-Tax Paid	0	0.00	0

Additional Requirement: PACT

Federal law requires that anyone who ships or transfers the following from another state in TN complete the PACT report...

- cigarettes/little cigars
- roll-your-own tobacco
- smokeless tobacco
- electronic nicotine delivery systems

NOTE: if the taxpayer is a TN dealer that ships these products into another state, they are required to register the products with that state.

Additional Requirement: RAP

Anyone who sells tobacco (including cigarettes and other tobacco products) to TN retailers for resale must report such sales electronically through the Retail Accountability Program (RAP).

- The purpose of RAP is to ensure that sales tax is collected from consumers and remitted to the state.
- RAP requires wholesalers of beer and tobacco products to file information reports electronically with the Department detailing their sales of such products to Tennessee retailers.
- Reports may be filed monthly or quarterly and will be due on the 25th of the month following the reporting period.

MORE INFO:

<https://www.tn.gov/revenue/tax-resources/compliance-information/retail-accountability-program.html>

More RAP info on RevenueHelp!

- HOW ASSESSMENTS ARE CALCULATED, CONTESTING A RAP ASSESSMENT
- INFORMATION INCLUDED IN WHOLESALER DATA, HOW TO ACCESS WHOLESALER DATA, CORRECTING WHOLESALER DATA
- AMENDING SALES TAX RETURNS AFTER RECEIVING ASSESSMENT
- CIGARETTE BUYDOWN PROGRAM PARTICIPATION, DOCUMENTATION AND CREDIT
- TRANSFERRING ITEMS OTHER THAN TOBACCO AND ALCOHOL PRODUCTS BETWEEN LOCATIONS
- HOW TO CLOSE/SELL A BUSINESS
- ACTING THROUGH ACCOUNTANT OR BOOKKEEPER
- AND MORE!!!

<https://revenue.support.tn.gov/hc/en-us/sections/200829445-Retail-Accountability-Program>

Filing the Tobacco Tax Return

The Tennessee Tobacco Products Return (Form TOB 552) is used to report the purchases, stamping activity, and inventories of cigarettes, little cigars, and other tobacco products for the month indicated on the return.

- DUE DATE: the 15th day of the month following the reporting period (regardless of whether any transactions have occurred.)
- Return must be filed electronically through TNTAP.



Filing the Tobacco Tax Return

Schedules A & B

- Used to report the disposition of cigarette packs during the month.
- In-state wholesalers complete sched. A, out-of-state wholesalers complete sched. B.

Schedule C – completed by in-state and out-of state wholesalers

- The disposition of Tennessee cigarette stamps is entered on Sched. C.

Schedule D

- Used to report tax due on OTP.
- In-state wholesalers will report and pay tobacco tax on the cost price of other tobacco products less the cost of out-of-state sales of other tobacco products.
- Out-of-state wholesalers will report and pay tobacco tax on the cost of other tobacco products sold into the state.

Schedule E

- Used to report and pay the cigarette tax on RYO.
- Based on the number of cigarettes rolled/sold during the month.
- Credit is allowed for the tobacco tax paid on the tobacco used to produce the RYO cigarettes.

Registering for Tobacco Tax

**Register
on
TNTAP!**

Tobacco License Survey

Please answer the following questions as they apply to this location to determine the type of tobacco license you are required to obtain.

Are you a retailer who will sell tobacco products to a consumer?

Yes	No
-----	----

Will you only receive, purchase, or sell tobacco products as a secondary wholesaler and acquire only pre-stamped cigarettes and/or other tobacco products on which the tax has been previously paid?

Yes	No
-----	----

Will you receive, store, or import unstamped cigarettes or otherwise handle tobacco products on which the tax has not been paid?

Yes	No
-----	----

Will you be affixing tax stamps to cigarettes and/or paying tobacco tax on roll-your-own tobacco?

Yes	No
-----	----

If you are located outside the state of Tennessee, will you sell, transfer, advertise, or ship cigarettes, roll-your-own tobacco, smokeless tobacco, or electronic nicotine delivery systems into Tennessee?

Yes	No
-----	----

Will you have unstamped or untaxed tobacco inventory for sale to military installations and/or Veterans Administration hospitals?

Yes	No
-----	----

Are you an out-of-state manufacturer or wholesaler that will send free samples of smokeless tobacco products into Tennessee?

Yes	No
-----	----

Based on your business activity, your business is required to obtain a Tobacco Wholesaler license. A fee of \$200 is required to obtain this license. A payment screen to remit this payment will be available at the end of this application. You will also be registered for a sales and use tax account at this location.

Resources – www.TN.gov/Revenue

The image is a screenshot of the Tennessee Department of Revenue website. At the top left is the TN Department of Revenue logo. To the right is a search bar labeled "Search Revenue". Below the header is a navigation menu with links: "How Do I...?", "E-filing Information", "Taxes", "Tax Resources", "Title and Registration", "Motor Carrier", and "Revenue News". Three red boxes with arrows point to specific resources: "Tax Manuals and Important Notices" (pointing to "Tax Resources"), "Register/File/Pay/etc" (pointing to "E-filing Information"), and "Help Articles" (pointing to "Revenue News"). Below the navigation menu are several promotional tiles. On the left is a large tile for a "Next Quarterly Webinar for New Businesses is October 5" with a "Click here for more information." link. To the right are three smaller tiles: "TNTAP E-File & Pay" (with a calculator background), "Questions? Revenue Help" (with a chalkboard background), and "HOT TOPICS News and Publications" (with a 3D block background). At the bottom left is another TN logo, and at the bottom center is a red box with an arrow pointing to "General Tax Info".

TN Department of Revenue

Go to TN.gov

Search Revenue

How Do I...? E-filing Information Taxes Tax Resources Title and Registration Motor Carrier Revenue News

Tax Manuals and Important Notices

Register/File/Pay/etc

Help Articles

Next Quarterly Webinar for New Businesses is October 5
Click here for more information.

TNTAP
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Questions?
Revenue Help

HOT TOPICS
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Taxes

General Tax Info

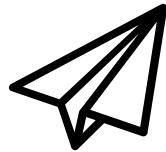
TN

CONTACT US!

Please submit
specific
account-
related
questions, or
any questions
that do not get
addressed in
this webinar to
directly us!



www.tn.gov/Revenue



Revenue.support@tn.gov



General Call Center **615.253.0600**



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Please take a moment to complete a quick survey about today's event!

Survey populates upon leaving event.