

MINNESOTA • REVENUE

Continued from opposite side:

Subd. 7. Sale of cigarette packages with Indian stamp.

(a) A retailer doing business off of an Indian reservation who sells or offers to sell more than 200 but fewer than 5,000 cigarettes with Indian stamps is guilty of a misdemeanor.

(b) A retailer doing business off of an Indian reservation who sells or offers to sell 5,000 or more, but fewer than 20,001 cigarettes with Indian stamps is guilty of a gross misdemeanor.

(c) A retailer doing business off of an Indian reservation who sells or offers to sell more than 20,000 cigarettes with Indian stamps is guilty of a felony.

See also: Minnesota Statutes, Chapter 297F.21, Contraband.

If you suspect cigarette or tobacco tax violations, need assistance, or have any questions:

Cigarette and Tobacco Tax Unit

Phone: (651) 297-1882

Fax: (651) 297-1939

E-mail: cigarette.tobacco@state.mn.us

Anonymous tip line:

(651) 297-5195 or (800) 657-3500

Taxpayer's Rights Advocate

Call for help with disagreements you have not been able to resolve through normal channels: (651) 556-6013.

Am I required to obtain a special license to make retail sales of cigarettes and tobacco products in Minnesota?

Yes. According to Minnesota statutes, businesses in Minnesota that make retail sales of cigarettes and tobacco products to the public are required to have a special retailer's license.

The Minnesota Department of Revenue's Cigarette and Tobacco Tax Unit is responsible for enforcing the tax laws and verifying compliance with state statutes.

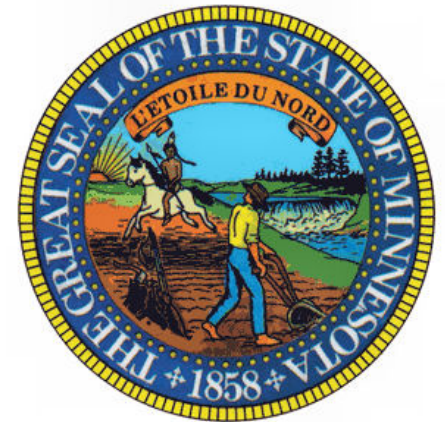
The enforcement effort is aimed at prosecuting tax evaders and protecting legitimate businesses from unfair competition.

When Minnesota loses tax and fee revenues from illegal activities, everyone loses: honest cigarette retailers and wholesalers are forced to compete with smugglers who can reduce their prices by illegal activities.

Note: This brochure summarizes the law and regulation in effect as of the publication date. While the information in this brochure is general, the law is complex and subject to change. If there is a conflict between the brochure and the law or regulations, decisions will be based on the law and regulations.

Sales of Cigarettes and Tobacco Products in Minnesota

License Requirements for Retailers



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www.taxes.state.mn.us

Retail Licensing Requirement

Retailer sellers of cigarettes and tobacco products in Minnesota must have a Minnesota Cigarette and Tobacco Product Retailer's license prior to purchasing or selling cigarettes or tobacco products. (MN Statute 461.12)

A separate license is required for each location or vending machine from which cigarettes or tobacco products are sold at retail. Whenever you add a new location that requires a license, you must obtain a separate license for that location.

Responsibilities of License Holders

As a holder of a retailer's license, you must:

- Conspicuously display your license at each retail location so that it is visible to the public.
- Keep complete and legible cigarette and tobacco products invoices at each licensed location for at least one year after the date of the purchase.
- Allow Dept. of Revenue staff or law enforcement officers to review your cigarette and tobacco products purchase invoices on location upon request. All purchase invoices must be available within one hour. (MN Statute 297F.13, Subd.4.)
- Allow our staff to conduct cigarette and tobacco inspections of your premises, including your inventory, invoices and license.

Cigarettes and tobacco products purchased for personal consumption on the internet/mail order or brought in from another state are still subject to taxes and fees. The resale of cigarettes and tobacco products bought on the internet/mail order or brought in from another state is illegal.

Enforcement

Records. You must maintain accurate and complete records, including properly completed purchase invoices.

License display. You must display your license at each retail location from which you sell cigarettes or tobacco products according to your licensing authority's rule.

Inspections. Dept. of Revenue staff and law enforcement officers can inspect retail locations and seize any untaxed cigarettes or tobacco products, including cigarettes without stamps, with stamps from other states or with counterfeit tax stamps.

Illegal purchases. It is illegal for retailers to purchase cigarettes or tobacco products from another retailer or any seller who is not a licensed Minnesota cigarette and/or tobacco distributor or subjobber.

Illegal sales. It is illegal for retailers to sell cigarettes or tobacco products in this state without a license or when their license has been suspended or revoked. If you make illegal sales of cigarettes or tobacco products, you are subject to civil and criminal penalties, and possible seizure of your cigarettes and tobacco products.

Penalties

Minnesota Statutes, Chapter 297F.20 Cigarette and Tobacco Taxes Criminal Penalty

Subd. 6. Unstamped cigarettes; untaxed tobacco products.

(a) A person, other than a licensed distributor or a consumer, who possesses, receives, or transports fewer than 5,000 unstamped cigarettes, or up to \$350 worth of untaxed tobacco products is guilty of a misdemeanor.

(b) A person, other than a licensed distributor or a consumer, who possesses, receives, or transports 5,000 or more, but fewer than 20,001 unstamped cigarettes, or more than \$350 but less than \$1,400 worth of untaxed tobacco products is guilty of a gross misdemeanor.

(c) A person, other than a licensed distributor or a consumer, who possesses, receives, or transports more than 20,000 unstamped cigarettes or \$1,400 or more worth of untaxed tobacco products is guilty of a felony.

(d) For purposes of this subdivision, an individual in possession of more than 4,999 unstamped cigarettes, or more than \$350 worth of untaxed tobacco products, is presumed not to be a consumer. Cigarettes and tobacco products that are considered contraband may be seized by authorized agents or by any sheriff or other police officer.