

Iowa Department of Revenue

Retailer's Cigarette/Tobacco Permit - Commonly Asked Questions

Q. What requires a retailer to have a permit to sell cigarettes or tobacco products?

A. Tobacco products were added to the retail cigarette/tobacco permit. Chapter 453A of the Iowa Code requires that any person offering cigarettes or tobacco products for sale to the consumer hold a valid retail cigarette/tobacco permit. Only one permit is required for selling cigarettes only, tobacco products only or both cigarettes and tobacco products.

Q. Where can I obtain a copy of the Retail Cigarette/Tobacco Permit Application?

A. From your city clerk's office (within city limits) or from the county auditor's office (outside city limits).

Q. I have completed the Retail Cigarette/Tobacco Application; what do I do next?

A. First, make sure that the application is completed IN FULL. Then take the completed application with the permit fee to your city clerk's office (within city limits) or county auditor's office (outside city limits).

Q. How much does it cost for a retail cigarette/tobacco permit?

A. The price of a retail permit depends on two things: (1) The location of the business and, (2) the month issued. Prices are as follows:

Location	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun
Outside of city limits	\$50.00	\$37.50	\$25.00	\$12.50
City of less than 15,000	\$75.00	\$56.25	\$37.50	\$18.75
City of 15,000 or more	\$100.00	\$75.00	\$50.00	\$25.00

Q. When do retail permits expire?

A. All retail cigarette/tobacco permits expire on the next **June 30** after issue. Permits cannot be issued for longer than 1 year. They will be issued for shorter periods of time if purchased after July 1.

Q. A business with a permit is moving to a new location (no ownership change). Is there a charge for a new permit?

A. A new permit is required when there is a change to a new location. If the business remains within the jurisdiction of the same entity that granted the original permit, the original permit is exchanged for a new permit, free of charge. However, if the business moves to another jurisdiction, there is a refund when the original permit is surrendered and there is a fee when the new permit is issued. The refund and fee are each paid without regard to the other.

Q. A change in ownership occurred at Joe's Lounge. Can I transfer my retail permit to the new owner?

A. The retail cigarette/tobacco permit is **non-transferable**. The new permit holder should apply with the city or county for a new permit. The previous owner should surrender their retail permit to the city.

Q. I am no longer selling cigarettes or tobacco products; can I get a refund on the cigarette/tobacco permit fees?

A. Yes. If the permit is returned to the issuing authority, a refund may be given. The amount of the refund is based on the date the permit is surrendered. The refund amounts are:

If Surrendered in	Refund Is
Jul-Sep	$\frac{3}{4}$ of the amount fee
Oct-Dec	$\frac{1}{2}$ of the amount fee
Jan-Mar	$\frac{1}{4}$ of the amount fee
Apr-Jun	No refund given

See chapters 453A.13(4) and 453A.47A of the Iowa Code for additional information.

Q. Who can I buy cigarette and tobacco products from?

A. From an Iowa Cigarette or Tobacco Distributor. Untaxed Cigarettes or tobacco products may only be purchased by an Iowa Cigarette and Tobacco Distributor. The Iowa Distributors pay the cigarette and tobacco tax directly to the state.

Q. I have an out of state person calling and wanting me to buy tobacco products from them. Is this legal?

A. It depends on if they are an Iowa Tobacco Distributor. If you are unsure you may call the Department and ask. Please call Dawn Johnson at (515) 281-8023. If the person is NOT an Iowa Tobacco Distributor then you must become an Iowa Tobacco Distributor. Then you would pay the tax directly to the state (each month) for all tobacco products you bring into Iowa.

Q. How do I know if the Iowa tax has been paid? How much is the Iowa Cigarette/Tobacco Tax?

A. All cigarettes should have an Iowa Cigarette Tax Stamp (worth \$1.36 per stamp) on the bottom of the each cigarette pack. The tobacco products other than Snuff or Cigars are taxed at 50%. Snuff is 1.19 per ounce and Cigars are taxed at 50% of the cost or \$.50 per cigar (the lower of the two). Your invoice should say that the Iowa tobacco tax has been charged or is included.

Q. Do I add the cigarette and tobacco tax to my price for the consumer?

A. No. The cigarette and tobacco tax is already added to your cost of the product. Just charge sales tax on your price to the consumer.

Q. Is there a price I am required to charge to the consumer for cigarettes?

A. Yes, on cigarettes you must charge the Iowa Minimum Price for the specific brand of cigarettes. You may obtain a copy of the Iowa Minimum Price List from the Department's Web site www.iowa.gov/tax (click on forms at the top of the page, then click on cigarette/tobacco, then click on form # 71-023) or by calling the Tax Fax at 1-800-572-3943 (enter the form number 71023 and your fax number).

Q. What happens if I sell below the Iowa Legal Minimum Price?

A. There is a civil penalty starting at \$200.00 for not selling cigarettes at the Iowa Minimum Price.

Q. How much money will I make selling cigarettes? How do I figure my mark up?

A. There is a 4% mark up for the Iowa Distributor and an 8% mark up for the Iowa Retailer. The mark up is figured into the minimum price formula. Look at the far left side of each page of the Iowa Minimum Price list for the formula.

Q. Can I sell any brand of cigarettes that a consumer may want?

A. No. Iowa has an approved brands list and all cigarette and roll your own products must be on that list to be legal to sell in Iowa. There is an approved brands directory on the Department's Web site.

<http://www.iowa.gov/tax/business/CigTobIndex.html>

Q. For a Hookah Café - What if I just rent the pipe and give the tobacco away? Is a Retail Cigarette/Tobacco Permit required for a Hookah Café or Store?

A. A permit is still required and the Iowa tax must be paid for the Shisha Tobacco Products that are at the location. It is illegal to even have Iowa cigarettes or tobacco products on hand and available to the consumer without a valid Retail Cigarette/Tobacco Permit or if the Iowa Tax has not been paid.

Q. How old must my employees be to sell cigarettes or tobacco products?

A. No Limit. Iowa Code, chapter 453A.2 allows anyone under the age of 18 to sell cigarettes or tobacco products if they are legally employed by a holder of a valid retail cigarette/tobacco permit under the cigarette and tobacco products chapter or by a person who lawfully offers for sale or sells cigarettes or tobacco products.

Q. Who can sell from a vending machine?

A. Cigarettes or tobacco products can be sold through a vending machine if it is located in a place where **the retailer ensures that no person younger than 18 years of age is present or permitted to enter at any time.** If persons under 18 are allowed to enter, they must change to over-the-counter sales. In addition, no permit should be issued if other non-tobacco products (other than matches) are sold from the same vending machine. The retailer may need a Cigarette Vendors Permit too; please call Dawn Johnson at (515) 281-8023.

Q. What happens if I do not renew my retail permit and still sell cigarettes or tobacco products?

A. All cigarette/tobacco permits expire on June 30. Anyone selling cigarettes or tobacco products after that date without renewing their permit is in violation of the Iowa Code chapter 453A.36. There is a penalty that can be assessed. (Iowa Code CH 453A.31). The penalty starts at \$200.00

Q. I have heard of people going to Missouri to buy cigarettes or to the Indian Reservation, is this legal? How about if someone buys cigarettes online?

A. The legal limit for non-Iowa stamped cigarettes are two packs.

Q. What happens if a Retail location is found to have unstamped cigarettes or tobacco products on hand?

A. The location is subject to seizure of the non-Iowa stamped cigarettes or untaxed tobacco products. Also the tax will be assessed along with a civil penalty starting at \$200.00

Q. Are the states notified when someone ships untaxed cigarettes or tobacco products into their state?

A. There are Federal Laws governing this.

Cigarettes: Jenkins Act – when anyone ships untaxed cigarettes into a state – they are required to notify the state of the shipment.

Tobacco: PACT Act - when anyone ships untaxed tobacco products into a state – they are required to notify the state of the shipment.

Q. I have other retailers wanting to buy cigarettes from my location; can I legally sell them cigarettes?

A. As long as you charge the full minimum price and charge the sales tax. The sales tax exemption does not work for cigarettes. Cigarettes are permitted all the way down – MFG, Distributor, Wholesaler, Retailer. If they want to buy without the sales tax they need to buy from an Iowa Distributor or Wholesaler.

Q. Can I become an Iowa Cigarette Wholesaler?

A. Yes. The permit is \$100.00 annually, \$2500.00 Bond and complete an application from the State of Iowa. If you are a retailer and a wholesaler you must keep your Wholesale stock separate from your Retail stock. Also, your Wholesale sales must be invoiced and copies of your purchase invoices and sales invoices must be kept on hand for five years.

Q. How can I keep notified about changes to the Iowa Minimum Price List or the Iowa Approved Brands Directory?

A. Sign up for the Cigarette/Tobacco eList Message. An email is sent to everyone on this list every time there is a change to the Iowa Minimum Price List or Approved Brands Directory. There is a link on the cigarette/tobacco page.

<http://elists.idrf.state.ia.us/scripts/wa.exe?SUBED1=IDRFCigaretteTobacco&A=1>

Q. Who can I contact for help and answers to general questions on cigarette/tobacco permits?

A. You can contact Dawn Johnson at dawn.johnson@iowa.gov or telephone (515) 281-8023.

Q. Who can I contact for help if my retail location sold cigarettes or tobacco products to a minor?

A. Start with your city clerk's office or the county auditor's office. You may also contact Matt Gannon at mgannon@ag.state.ia.us or telephone (515) 281-4951.

Q. Where do I find information about the smoking ban? Who do I call with questions about the smoking ban?

A. You may view questions and answers about the Iowa Smoke Free Air Act at the Web site www.iowasmokefreeair.gov or you may call 1-888-944-2247.

Q. I have heard about the FDA restricting the words: Light, Low, Mild or Similar Descriptors. I have also heard about the new proposed cigarette labels.

A. The FDA has a web site <http://www.fda.gov/TobaccoProducts/> you may also call 1-877-287-1373.

Q. Who do I contact for Federal Tobacco Tax Questions?

A. Tobacco Tax Bureau – this is a link to Federal Tobacco Questions and Answers: <http://ttb.gov/tobacco/tobacco-faqs.shtml#t14>