

Remote Tobacco Seller

Overview

- ▶ On May 31, 2019, Arizona House Bill (H.B.) 2757 was signed into law.
- ▶ This legislation requires remote sellers that have economic nexus with Arizona to begin filing and paying transaction privilege tax (TPT).

Remote Seller

- ▶ Remote Seller: Any person or business selling or shipping products into Arizona but does not have a physical presence.
- ▶ ***Please note once physical presence is established with Arizona, a business would no longer be considered a remote seller and would fall under the traditional retail TPT license.***

Thresholds for TPT

- ▶ \$150,000 (2020)
- ▶ \$100,000 (2021 and beyond) in sales to Arizona customers.

How does this apply to remote tobacco sellers?

- ▶ As a result of the delivery sales ban, remote tobacco sellers are generally only able to sell pipe tobacco and cigars into Arizona. See A.R.S. 36-798.06
- ▶ If a remote seller of tobacco products has Arizona sales in excess of \$100,000 they will be deemed to have economic nexus with Arizona and be required to register as a remote seller and collect/remit TPT on all Arizona sales.
- ▶ The economic nexus thresholds only apply to TPT and not luxury taxes- following slide will address luxury tax and licensing obligations.

Economic Nexus Contact

- ▶ The ECCO team can be reached Monday to Friday from 8 a.m. to 5 p.m. (MST) by email azesale@azdor.gov, or by phone 833-293-7253 (833-AZeSale).

Arizona Tobacco Distribution License

- ▶ To the extent permissible by the United States Constitution, Arizona state law requires any person, including remote sellers, who are making the first sale or distribution of tobacco products into Arizona register as a licensed Arizona distributor and pay the applicable luxury taxes on all tobacco products regardless of the dollar volume of their sales into Arizona. Consequentially, economic dollar thresholds for remote sellers do not apply to luxury taxes.

Questions

The background features abstract, overlapping geometric shapes in various shades of green, ranging from light lime to dark forest green. These shapes are primarily located on the right side of the slide, with some extending towards the center. The overall aesthetic is clean and modern.