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## ARIZONA LUXURY TAX NOTICE LTN 16-1

### Tobacco Distributor License Revocation Actions

Tobacco distributor licenses issued by the Arizona Department of Revenue ("Department") are conditioned on the licensee's compliance with Arizona Revised Statutes ("A.R.S.") Title 42, A.R.S. §§ 42-3001–42-3503 ("tobacco tax statutes") and the administrative rules adopted by the Department. The Department regularly monitors licensing eligibility and distributor compliance with statutory payment and filing requirements. This notice serves as a reminder that the Department is authorized to revoke a tobacco distributor's license for any of the following reasons:

- The distributor violated any requirement under A.R.S. Title 42 more than two times in a three year period. Violations subject to license revocation include, but are not limited to, repeated noncompliance with the reporting requirements under A.R.S. § 42-3462 and the filing and payment requirements under A.R.S. § 42-3501.
- The distributor owes \$1,000.00 or more in delinquent cigarette taxes that are not under protest or subject to a payment agreement.
- The distributor affixed a stamp to cigarettes of a tobacco product manufacturer or brand family that is not included in the Arizona Cigarette Directory; or the distributor sold, offered or possessed for sale in Arizona cigarettes or roll-your-own tobacco of a tobacco product manufacturer or brand family that is not included in the Arizona Cigarette Directory.
- The distributor caused a tobacco product to be ordered or purchased by an unlicensed person or retailer through the internet, or by telephone, mail or delivery service; or the distributor knowingly provided substantial assistance to another person to perform these prohibited acts.
- The distributor affixed a tax stamp to a cigarette package that: (i) does not satisfy federal labeling requirements; (ii) is not intended for sale in the U.S. and is labeled as such (e.g., "for export only", "U.S. tax exempt", "for use outside U.S."); (iii) has altered labels, warnings or wording; (iv) is packed with several individually stamped packages in a carton that has altered labels, warnings or wording; or (v) violates federal trademark or copyright laws.
- The distributor failed to file a return or report required under the tobacco tax statutes for twelve consecutive months.

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- A Department-issued license held by the distributor was revoked within the previous two years.
- The distributor possessed or used a tobacco product rolling vending machine for commercial purposes, or made a tobacco product rolling vending machine available for commercial purposes.
- The distributor unlawfully imported cigarettes into the United States for sale or distribution.
- The distributor failed to comply with the Cigarette Labeling and Advertising Act when it imported cigarettes into the United States.
- The distributor is convicted of one of the following:
  - a crime related to stolen or counterfeit cigarettes;
  - unlawfully transporting for the purpose of sale, or willfully selling or offering for sale, 10,000 or more cigarettes in an unstamped or unlawfully stamped condition if the cigarettes were subject to Arizona's tobacco tax statutes; or
  - willfully selling or offering for sale off an Indian reservation 10,000 or more cigarettes affixed with red, yellow or green stamps.
- The distributor is a convicted felon with suspended civil rights.

Also, the Department may cancel a distributor's license if the distributor fails to incur any tax liability under the tobacco tax statutes for twelve consecutive months.

If you have any questions regarding this notice, please feel free to contact the Tobacco Tax Unit at (602) 716-7808.

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Explanatory Notice: The purpose of a tax notice is to provide general guidance to assist taxpayers in becoming familiar with Arizona tax laws. Relevant statute, case law or administrative rules, as well as a subsequent notice, may modify or negate any or all of the provisions of any tax notice. In the case of inconsistency or omission in this notice, the language of the Arizona Revised Statutes and the Arizona Administrative Code will prevail. Please see General Tax Ruling ("GTR") 08-1 for more detailed information regarding documents issued by the Department of Revenue. GTR 08-1 is available online on the Department's website at <https://www.azdor.gov/LegalResearch/Rulings.aspx>.

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