

# Random Compliance Checks of Cigarette and Tobacco Retailers

**1***Cigarette and Tobacco Products Fact Sheet 1***Fact Sheet**

The Minnesota Department of Revenue is responsible for monitoring compliance with Minnesota Cigarette and Tobacco Tax laws. Our enforcement efforts aim to protect the state tax base and protect legitimate businesses from unfair competition.

## What we do

We help taxpayers understand these taxes and enforce compliance with the law by:

- Educating retailers, suppliers and consumers about their tax obligations
- Auditing and investigating the cigarette and tobacco product records of retailers and suppliers
- Enforcing the Cigarette Tax and Tobacco Tax laws by:
  - assessing tax and civil penalties against people who do not comply with the law
  - seizing contraband cigarettes and tobacco products on which tax has not been paid
  - seeking criminal prosecution against people who intentionally evade cigarette and tobacco taxes

## The inspection

One way we monitor compliance is by conducting random inspections of cigarette and tobacco retailers. During these visits, we:

- Inspect the retailer's cigarette and tobacco inventory
- Check the retailer's license to sell cigarette or tobacco products
- Review the retailer's invoices from cigarette and tobacco suppliers

## Inspecting cigarette stamps

During the inspection, we examine the cigarette inventory to verify that:

- Each pack of cigarettes is properly stamped in compliance with Minnesota law (the stamps must be completely intact and all 10 numbers legible to identify the distributor)
- The stamps are authentic and not counterfeit

Any pack of cigarettes that is not properly stamped is considered contraband and we may confiscate it.

## Invoices

Under Minnesota law, all retailers must buy their cigarettes and tobacco products from a licensed distributor or subjobber who paid the tax on the product.

A list of distributors is available on our website. Go to [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and enter **Distributor List** in the Search box.

Retailers must also keep a legible copy of all purchase invoices for at least one year from the invoice date. These invoices must be kept at the retail location or a central location, and must be produced within one hour after we request them.

If a retailer cannot produce invoices for cigarettes or tobacco products within an hour of our request, the products are considered contraband under state law and we may seize them.

“Invoice” means a detailed list of cigarettes and tobacco products purchased or sold in this state that contains the following information:

- name of seller
- name of purchaser
- date of sale
- invoice number
- itemized list of goods sold including brands of cigarettes and number of cartons of each brand, unit price, and identification of tobacco products by name, quantity, and unit price
- any rebates, discounts, or other reductions

## Anonymous tip line

To report suspected Cigarette or Tobacco Tax violations:

Email: [tax.fraud@state.mn.us](mailto:tax.fraud@state.mn.us)

Phone: 651-297-5195 or 1-800-657-3500 (toll-free)

Fax: 651-556-3105