

# Record Retention for Cigarette and Tobacco Product Invoices

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*Cigarette and Tobacco Products Fact Sheet 3*

Fact Sheet

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

You must purchase your inventory of cigarettes and other tobacco products from a licensed Minnesota cigarette and/or tobacco distributor or subjobber. If you make purchases of cigarettes or tobacco products from other sources, you are subject to civil and criminal penalties, and possible seizure of your cigarettes and tobacco products.

## What do I need to keep?

Retailers must buy cigarettes and tobacco products from a licensed distributor or subjobber who paid the tax on the products.

You must keep the invoices to show that tax was paid on the cigarettes and tobacco products you bought. The invoices must contain the:

- 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

## How long do I need to keep invoices?

You must keep a legible copy of all purchase invoices for at least one year from the invoice date.

## Why do I need to keep invoices?

You need invoices to prove that you bought the products from a licensed distributor or subjobber.

## Where should I keep the invoices?

You must keep the invoices at the retail location or a central location. Number your invoices and keep them in chronological order.

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## What happens if I do not have invoices?

During a retail inspection, you must produce the invoices within one hour after we request them. You can provide paper invoices or electronic invoices.

If you cannot produce invoices for cigarettes or tobacco products within an hour, we may seize the products since they are considered contraband under state law. In addition, you may be assessed tax, penalty, and interest on the products.

If necessary, we may seek criminal prosecution if we find that you intentionally evaded cigarette and tobacco taxes.

## What if I have product at a different location?

Once you receive an invoiced product at a distributor's address or retail location, you must not:

- move, transfer, or swap cigarettes or tobacco products to a different location even if the business is owned by the same legal entity
- remove the original sales packaging

If you do move cigarettes or tobacco products to a location other than the location listed on the invoice, or remove the original sales packaging, we may seize the products.

### Information and assistance

To watch a video on retail inspections, go to our website [www.revenue.state.mn.us](http://www.revenue.state.mn.us), select the YouTube icon, and enter **retail inspection** in the Search box.

### Anonymous tip line

To report suspected Cigarette Tax 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

### Legal reference

Minnesota Statute 297F.13

This fact sheet is intended to help you become more familiar with Minnesota tax laws and your rights and responsibilities under the laws. Nothing in this fact sheet supersedes, alters or otherwise changes any provisions of the tax law, administrative rules, court decisions or revenue notices. Alternative formats available upon request.