Compliance Problem

As consumers are seeking to reduce the cost of cigarettes, businesses are acquiring on-premise machines that use loose tobacco and cigarette paper or tubes to produce cigarettes. There are numerous laws that must be followed.

Solution

There are significant requirements for a retailer who owns, leases or operates on-premise cigarette production equipment, namely;

1 — Obtaining both cigarette manufacturer and cigarette distributor licenses from the Department of Revenue.

2 — Assuring that all cigarette packages have the appropriate tax stamps.

3 — Meeting state and federal labeling requirements.

4 — Obtaining certification from the Illinois Attorney General of compliance with the Master Settlement Agreement.


Background

There are substantial tax and regulatory requirements imposed on cigarettes that are not avoided by utilizing on-premise production equipment.
Where can I get more information?

The Illinois Department of Revenue has published several resources to assist taxpayers. Some suggestions of items you might wish to research or read include:

- General Inquiry Letters,
- Legal Letter Rulings,
- Informational Bulletins, and
- Publications.

To view this information, visit our web site at tax.illinois.gov.