

ST 25-0031-GIL 05/28/2025 TOBACCO PRODUCTS

Sales of tobacco products from a licensed distributor to another licensed distributor are not subject to tax under the Tobacco Products Tax Act of 1995. Tax is imposed upon the last distributor who sells tobacco products to a retailer or consumer located in Illinois. 86 Ill. Adm. Code 660.5. (This is a GIL.)

May 28, 2025

NAME  
COMPANY  
EMAIL

Dear NAME:

This letter is in response to your letter dated May 5, 2025, in which you requested information. The Department issues two types of letter rulings. Private Letter Rulings (“PLRs”) are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department’s regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter (“GIL”) is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at <https://tax.illinois.gov/> to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

On behalf of COMPANY, I am writing to request a private letter ruling by the Illinois Department of Revenue regarding (35 ILCS 143/10-10) Sec. 10-10. Tax imposed.

COMPANY understands that we must keep in our books and records to support the sale with no tax to licensed second distributors. The private letter ruling COMPANY is requesting is if COMPANY sold untaxed tobacco products to a licensed second distributor in the state of Illinois, and it happened that the licenses [sic] second distributor in the state of Illinois did not remit the proper tobacco tax to the state of Illinois. The state of Illinois would not hold

May 28, 2025

COMPANY liable for those non-tax paid tobacco products on behalf of the licensed second distributor.

If you have any questions regarding this manner, please feel free to contact me.

Thank you.

#### **DEPARTMENT'S RESPONSE:**

Under the Tobacco Products Tax Act of 1995 (Act), a tax is imposed on any person engaged in business as a distributor of tobacco products, at the rate of \$0.30 per ounce for moist snuff, 36% of the wholesale price of tobacco products, or 15% of the wholesale price of electronic cigarettes sold or otherwise disposed of to retailers or consumers located in this State. Beginning July 1, 2013, the tax on little cigars shall be imposed at the same rate, and the proceeds shall be distributed in the same manner, as the tax imposed on cigarettes under the Cigarette Tax Act. The tax is not imposed upon any activity in that business, in interstate commerce or otherwise, to the extent to which that activity may not, under the Constitution and Statutes of the United States, be made the subject of taxation by this State. The tax is also not imposed on sales made to the United States or any entity thereof. 35 ILCS 143/10-10. Tax is imposed on a distributor making sales of tobacco products to a retailer or consumer.

Not all sales of tobacco products by distributors or wholesalers are subject to tax. Purchases of tobacco products, other than little cigars, by distributors or wholesalers who sell the product to other licensed distributors or wholesalers and not to retailers or consumer are not subject to the tax imposed by this Act. Purchases of tobacco products, other than little cigars, by wholesalers and retailers for delivery of the product outside Illinois are not subject to the tax imposed by this Act. Sales of tobacco products sold to retailers or consumers are taxable sales. 86 Ill. Adm. Code 660.30.

A person making a nontaxable sale of tobacco products, other than little cigars, to a wholesaler or a retailer must document the exemption by obtaining a certification from the purchaser containing the seller's name and address, the purchaser's name and address, the date of purchase, the purchaser's signature, the purchaser's tobacco products tax license number, if applicable, and a statement that the purchaser is purchasing for resale, other than for sale to consumers, or is purchasing for delivery outside of Illinois. 35 ILCS 143/10-15; 86 Ill. Adm. Code 660.30(g). The seller must keep the documentation of the nontaxable sale in their records for a period of not less than three and one-half years. The Department may request such documentation as proof that no tax was due on the sale.

COMPANY/NAME

Page 3

May 28, 2025

I hope this information is helpful. If you require additional information, please visit our website at <https://tax.illinois.gov/> or contact the Department's Taxpayer Information Division at 800-732-8866.

Very truly yours,

Kimberly Rossini  
Associate Counsel

KAR:slc