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State of Alabama Department of Revenue

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NOTICE

TO: Manufacturers/Distributors/Importers/Retailers/Delivery Sellers Distributing Tobacco Products in Alabama

FROM: Alabama Department of Revenue
Sales, Use & Business Tax Division
Tobacco Tax Section

SUBJECT: Prevent All Cigarette Trafficking (PACT) Act

DATE: January 31, 2011

The PACT Act amends and extends the Jenkins Act provisions governing delivery of each and every shipment of cigarettes or smokeless tobacco made during the previous calendar month in interstate commerce. According to the PACT Act, any person making shipments, advertising or offering cigarettes or smokeless tobacco for distribution into the State shall comply with the following requirements:

- First file/register with the State. (File with the Alabama Department of Revenue.)
- File monthly reports with the tobacco tax State administrator, locality or Indian country into which cigarettes and smokeless tobacco distributions are made. The report is due by the 10th of the month for the previous month's activity. For State of Alabama purposes, file the enclosed Monthly Jenkins Act Report (Form # TOB: JEN-ACT) with the Alabama Department of Revenue.
- Properly label the packaging. (See the Jenkins Act for the appropriate label.)
- Not exceed the weight restriction. (Delivery sellers shall not make a single sale or single delivery exceeding 10 pounds.)
- Use proper age verification. (For Alabama, a minor is defined as any person under the age of 19 years.)
- Maintain proper records.
- Ensure that excise taxes are paid, and that stamps are applied. (However, this requirement is currently enjoined for certain sellers.)

The Jenkins Act requires companies to register with the Attorney General of the United States and with the tobacco tax administrators of the State. If your company is distributing cigarettes or smokeless tobacco into Alabama, you are required to register with this office by completing the enclosed Jenkins Act Registration Form (Form #: TOB: JEN-REG).

Delivery sellers (a person who makes a delivery sale of any cigarettes or smokeless tobacco to a consumer if the consumer submits the order for the sale by means of a telephone or other

methods of voice transmission, the mails, or the internet or other online service, or the seller is otherwise not in the physical presence of the buyer when the request for purchase or order is made) are required to provide a statement on the shipping package and bill of lading indicating it contains cigarettes or smokeless tobacco. Delivery sellers are also required to maintain records of all delivery sales. In addition to the above, delivery sellers must comply with all state, local and tribal laws relating to taxes, licensing and stamping requirements, restrictions on sales to minors and other payment obligations or legal requirements relating to the sale, distribution, or delivery of cigarettes or smokeless tobacco. The appropriate state and state-administered county taxes must be paid to the Alabama Department of Revenue (ADOR) prior to the delivery sale. The state and state-administered county cigarette taxes are paid by purchasing the revenue tax stamp from the ADOR and affixing the revenue stamp to the package of cigarettes. State and state-administered county smokeless tobacco taxes are paid by filing a monthly return. The returns and payments are due by the 20th of the month for the previous calendar month's activity.

Manufacturers are required to purchase the appropriate state and state-administered county revenue stamps for samples, promotions, and test marketing prior to delivery or distribution of cigarettes into the State. Manufacturers must file and pay tax on smokeless tobacco for state and state-administered counties by submitting a tax return.

A Monthly County Tobacco Tax Return (Form #: TTCO-A) to report sales of smokeless tobacco into state-administered counties, Monthly State Tobacco Tax Return (Form #: TOB:OTP) to report sales of smokeless tobacco into the state, Order for Alabama Revenue Stamps (Form #: TOB: TSO1) to submit a request for state revenue stamps, Order for State-Administered County Revenue Stamps (Form #: TOB: CoSO) to submit a request for state-administered county revenue stamps may be downloaded from our website at: <http://www.revenue.alabama.gov/tobaccotax/ttforms.html>. The above-mentioned Jenkins Act forms are also available on this website.

Please ensure that the person responsible for preparing the monthly tobacco tax reports receives this notice. All of the above-referenced reports must be submitted to the Alabama Department of Revenue at the below address. Relevant tax payments which equal or exceed \$750.00 are required to be remitted electronically. Questions concerning this notice should be directed to the below address or telephone number.

Alabama Department of Revenue
Sales, Use & Business Tax Division
Tobacco Tax Section
P O Box 327555
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(334) 242-9627
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