

**DEPARTMENT OF TREASURY**

**BUREAU OF REVENUE**

**CIGARETTE TAX**

(By authority conferred on the revenue division of the department of treasury by section 2 of Act No. 265 of 1947, as amended, being S205.502 of the Michigan Compiled Laws)

**R 205.401 Rescinded.**

History: 1979 AC; 1980 AACS; 1998 - 2000 AACS.

**R 205.402 Licensing; applications; fees.**

Rule 2. (1) To obtain a license, a manufacturer, wholesaler, secondary wholesaler, vending machine operator, unclassified acquirer, transportation company, or transporter shall file with the department a verified application upon a form prescribed and furnished by the department. These applications may be obtained at the Michigan Department of Treasury, Treasury Building, Lansing, Michigan 48922.

(2) The application of a manufacturer, wholesaler, secondary wholesaler, or unclassified acquirer shall contain all of the following information:

- (a) The name of the owner.
- (b) The name under which the applicant intends to transact business.
- (c) The names and addresses of the persons who constitute the firm or partnership.
- (d) If a corporation, the corporate name, the state where incorporated, the date incorporated, and the name of its officers and directors.
- (e) If a foreign corporation, the name and address of its resident agent.
- (f) The location or locations of the place or places of business.
- (g) The date such business was established.
- (h) The percentage of cigarettes purchased to be sold for resale.
- (i) Any other information the department may require.

(3) The application for a vending machine operator license shall contain all of the following information:

- (a) The name of the owner.
- (b) The name under which the applicant intends to transact business.
- (c) The names and addresses of the persons who constitute the firm or partnership.
- (d) If a corporation, the corporate name, the state where incorporated, the date incorporated, and the name and address of its resident agent.
- (e) The number of vending machines operated.
- (f) A listing of locations at which vending machines are placed.

(g) Any other information the department may require.

(4) The application for a transporter license shall contain all of the following information:

(a) The name of the owner.

(b) The name under which the applicant intends to transact business.

(c) The names and addresses of the persons who constitute the firm or partnership.

(d) If a corporation, the corporate name, the state where incorporated, the date incorporated, and the names and addresses of its officers and directors.

(e) If a foreign corporation, the name and address of its resident agent.

(f) Any other information the department may require.

(5) The application for a transportation company license shall contain all of the following information:

(a) The name of the owner.

(b) The name under which the applicant intends to transact business.

(c) The names and addresses of the persons who constitute the firm or partnership.

(d) If a corporation, the corporate name, the state where incorporated, the date incorporated, and the names and addresses of its officers and directors.

(e) If a foreign corporation, the name and address of its resident agent.

(f) A list of persons, containing names and addresses, from whom cigarettes are purchased.

(g) Any other information the department may require.

(6) The annual fee for a manufacturer or wholesaler license shall be \$100.00. The fee for each additional location shall be \$25.00.

(7) The annual fee for a secondary wholesaler license shall be \$25.00. The fee for each additional location shall be \$6.25.

(8) The following fees shall be charged to persons qualifying as unclassified acquirers:

(a) State of Michigan No fee

(b) Retail importer or mail order buyer \$10.00

(c) Vending machine operator buying direct from a manufacturer 100.00

(d) Manufacturer 100.00

(9) The annual fees for a vending machine license shall be as follows:

(a) 1 machine \$5.00

(b) 2 machines 10.00

(c) 3 machines 15.00

(d) 4 to 24 machines, inclusive 25.00

(e) 25 to 49 machines, inclusive 50.00

(f) 50 or more machines 100.00 The fee for each additional location shall be 1/4 of the fee prescribed above.

(10) The annual fee for a transportation company license shall be \$5.00.

(11) The annual fee for a transporter license shall be \$50.00.

History: 1980 AACCS.

**R 205.403 Surety bond; financial statement.**

Rule 3. (1) If an applicant for a license cannot satisfy the department as to the applicant's financial responsibility, the department may require the applicant to furnish a surety bond, payable to the "State of Michigan," in such amount as the department may determine, conditioned upon payment of the tax as specified by section 7 of the act. The department may also require any licensee to file a financial statement with the department showing all assets and liabilities, together with any other financial information the department may prescribe.

(2) If there is a change of corporate ownership or control, a new financial statement may be required.

History: 1980 AACCS.

#### **R 205.404 Rescinded.**

History: 1980 AACCS; 1998 - 2000 AACCS.

#### **R 205.405 License; suspension; revocation; refusal to issue; hearing; appeal.**

Rule 5. (1) The department may suspend, revoke, or refuse to issue any license required under the act for failure of the licensee to comply with any provisions of this act, or for any other good cause, after notice and departmental hearing. Good cause may be, but is not limited to, any of the following items:

(a) Failure to file return.

(b) Failure to pay tax.

(c) Failure to keep records as described in R 205.406.

(d) Failure to issue proper invoices as in R 205.406.

(e) Failure to identify vending machines with a marker.

(f) Failure to have prescribed stamp on half-cases of cigarettes as required in R 205.408.

(g) Failure to file bond if required under R 205.403.

(2) After such departmental hearing, a person aggrieved by a suspension, revocation, or refusal to issue a license may appeal to the state board of tax appeals as provided in Act No. 122 of the Public Acts of 1941, as amended, being S205.1 et seq. of the Michigan Compiled Laws. Contact the

State Board of Tax Appeals, Michigan Department of Treasury, Lansing, Michigan 48922, for rules of procedure. Any person aggrieved shall have the right to appeal to the courts of the state as provided by law.

History: 1980 AACCS.

#### **R 205.406 Rescinded.**

History: 1980 AACCS; 1998 - 2000 AACCS.

**R 205.407 Inspection of books and records; entry upon premises to inspect equipment, inventories, and storage areas.**

Rule 7. (1) The department, or its duly authorized agent, may examine the books, records, and papers of any licensee, retailer, common carrier, or warehouseman pertaining to the records of cigarettes received, purchased, used, shipped, or delivered, as the case may be, to verify the truth and accuracy of any statement, report, or return.

(2) The department, or its duly authorized agent, may enter in and upon the premises of any licensee or retailer, as defined in these rules, at all reasonable times for the purpose of inspecting stamping equipment, cigarette inventories, and storage areas, together with all pertinent records and papers for the reasonable administration of the act.

History: 1980 AACCS.

**R 205.408 Rescinded.**

History: 1980 AACCS; 1998 - 2000 AACCS.

**R 205.409 Shipping case identification.**

Rule 9. (1) The first purchaser of cigarettes in this state is required to identify each original manufacturer's shipping case of cigarettes purchased with his name and address and an impression of a seal prescribed by the department of treasury.

(2) The seal has been designed by the department and it includes the license number assigned to the first purchaser. The name and address of the original purchaser and the seal referred to in this rule shall be incorporated in a rubber stamp which shall be obtained by each person licensed to make purchases of cigarettes from unlicensed sources.

(3) The stamp shall be obtained from a stamp manufacturer authorized by the department and may be manufactured only on the written authority of the department.

(4) A manufacturer of stamps desiring to manufacture or reproduce such stamps may receive authorization upon written application and approval by the department. A list of authorized manufacturers shall be supplied to cigarette licensees upon request.

(5) The stamp manufacturer shall obtain verification from the department that the purchaser is a properly qualified licensee. The department shall advise the manufacturer of the license number to be incorporated in the seal.

(6) The name and address of the licensee and the prescribed seal shall appear on each shipping case so that when a manufacturer's shipping case is split, the name, address, and seal shall appear in its entirety on each half of the case.

(7) Cigarettes in cases not stamped as provided in these rules shall be subject to seizure and confiscation pursuant to section 9 of the act.

History: 1980 AACCS.

**R 205.410 Rescinded.**

History: 1980 AACS; 1998 - 2000 AACS.

**R 205.411 Rescinded.**

History: 1979 AC; 1980 AACS; 1998 - 2000 AACS.

**R 205.412 Rescinded.**

History: 1980 AACS; 1998 - 2000 AACS.

**R 205.413 Rescinded.**

History: 1980 AACS; 1998 - 2000 AACS.

**R 205.414 Rescinded.**

History: 1980 AACS; 1998 - 2000 AACS.

**R 205.415 Rescinded.**

History: 1980 AACS; 1998 - 2000 AACS.

**R 205.416 Enforcement.**

Rule 16. The state police and all local police authorities shall have the authority to enforce the provisions of the act.

History: 1980 AACS.