



# *i*nformational

## *Bulletin*

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**Update:** SB 690 was enacted June 28, 2019, and is now Illinois Public Act (P.A.) 101-0031.

This bulletin is written to inform you of recent changes; it does not replace statutes, rules and regulations, or court decisions.

### For information or forms

Visit our website at:  
[tax.illinois.gov](http://tax.illinois.gov)

For tax or filing questions, call us at:  
217 782-6045

For registration questions, call us at:  
217 785-3707

Call our TDD  
(telecommunications device  
for the deaf) at:  
1 800 544-5304

## New Tax Requirements for Electronic Cigarettes

### *To: Electronic Cigarette Retailers and Tobacco Products Distributors*

[SB 690 \(as enrolled\)](#) was passed by the Illinois General Assembly, and it is anticipated that it will be signed by the Governor and become law. This legislation amends the Tobacco Products Tax Act, 35 ILCS 143/10-1, *et seq.*, to include electronic cigarettes. Effective July 1, 2019, electronic cigarettes will be regulated and taxable. In addition, any in-state individual selling electronic cigarette products to retailers for sale at retail must be licensed as a Tobacco Products Distributor with the Illinois Department of Revenue (IDOR). See 86 Ill. Adm. Code 660 for additional information on the Tobacco Products Tax Act.

### What is the definition of “electronic cigarette”?

The Tobacco Products Tax Act defines an “electronic cigarette” as follows:

- any device that employs a battery or other mechanism to heat a solution or substance to produce a vapor or aerosol intended for inhalation;
- any cartridge or container of a solution or substance intended to be used with or in the device or to refill the device; or
- any solution or substance, regardless of whether it contains nicotine, intended for use in the device.

This definition includes, but is not limited to, any electronic nicotine delivery system, electronic cigar, electronic cigarillo, electronic pipe, electronic hookah, vape pen, or similar product or device, and any component or part that can be used to build the product or device.

### What is the Tobacco Products Tax rate for electronic cigarettes?

The Tobacco Products Tax is imposed on distributors at the rate of 15 percent of the wholesale price of the electronic cigarette sold or otherwise disposed of to retailers or consumers in Illinois.

### How will these new requirements affect retailers?

Retailers that currently have a valid Cigarette and Tobacco Products Retailer License with IDOR to sell “cigarettes” as defined in Section 1 of the Cigarette Tax Act (35 ILCS 130/1) or “tobacco products” as defined in Section 10-5 of the Tobacco Products Act (35 ILCS 143/10-5) and, in addition, sell electronic cigarettes at the same retail location do not need to obtain a separate Cigarette and Tobacco Products Retailer License to continue selling electronic cigarettes. Because electronic cigarettes are considered a tobacco product, no additional retailer license is required.

Retailers that do not currently have a valid Cigarette and Tobacco Products Retailer License with IDOR and sell electronic cigarettes must obtain an annual license for each location where these products are sold. The annual fee for the license is \$75 per retail location and must be submitted electronically with your initial license application.

### How do I obtain a Cigarette and Tobacco Products Retailer License?

Using MyTax Illinois, available at [mytax.illinois.gov](http://mytax.illinois.gov), you must submit the license application for each location where you will sell electronic cigarettes at retail.

Corporations, S-Corps, Partnerships, or LLC organization types with active MyTax Illinois accounts can register for new tax types, or licenses, by simply logging into their MyTax Illinois account and clicking on “Register for New Tax Accounts” to complete the registration.

Sole Proprietorships can register electronically by selecting “Registration” in the upper right corner of the MyTax home page and then selecting “Register a New Business.”

Retailers without active MyTax Illinois accounts will need to sign up for a MyTax Illinois account by selecting “Sign Up Now” from the home page.

Retailers that are not yet registered with IDOR for any tax types can register their business by selecting “Registration” from the MyTax Illinois home page and then selecting “Register a New Business.”

Contact our Central Registration Division at 217 785-3707 for information or assistance with registering your business.

### Are there additional licensing requirements?

#### Retailers

Retailers purchasing electronic cigarettes from unregistered out-of-state distributors must register with IDOR and be licensed as a Tobacco Products Distributor. A person required to obtain a distributor’s license under the Tobacco Products Tax Act must submit a separate application for a license and must file a separate bond for each place of business where that person will be or is engaging in business as a distributor.

Retailers who purchase electronic cigarettes from licensed in-state tobacco products distributors only need the \$75 retailer’s license previously referenced.

#### Distributors

Any manufacturer or wholesaler engaged in the business of selling tobacco products from outside of Illinois who sells, exchanges, distributes, ships, or transports tobacco products to retailers or consumers located in Illinois must also register to become a distributor if the manufacturer or wholesaler has or maintains within Illinois, directly or by subsidiary, an office, sales house, or other place of business, or any agent or other representative operating within Illinois under the authority of the person or subsidiary, regardless of whether the place of business or agent or other representative is located here permanently or temporarily.

### How do I register to become a Tobacco Products Distributor?

Register with IDOR electronically using MyTax Illinois, available at [mytax.illinois.gov](http://mytax.illinois.gov).

Corporations, S-Corps, Partnerships, or LLC organization types with active MyTax Illinois accounts can register for new tax types, or licenses, by simply logging into their MyTax Illinois account and clicking on “Register for New Tax Accounts” to complete the registration.

Sole Proprietorships can register electronically by selecting “Registration” in the upper right corner of the MyTax home page and then selecting “Register a New Business.”

If your business is not yet registered with IDOR for any tax types register electronically by selecting “Registration” from the MyTax Illinois home page.

Contact our Central Registration Division at 217 785-3707 for information or assistance with registering your business.

### Are there additional requirements to obtain a Tobacco Products Distributor license?

If you are not already registered as a licensed distributor under the Cigarette Tax Act or the Cigarette Use Tax Act, and you are required to become registered as a Tobacco Products Distributor, you must obtain a bond. The amount of the required bond is three times your average monthly tobacco products tax liability or a minimum of \$1,000, which is the required amount for the first year.

### Who is responsible for the tobacco products tax?

The tax is imposed on the Tobacco Products Distributor. The distributor is responsible for filing the return and remitting the tax to IDOR.

### What form is used to report the tobacco products tax?

Form TP-1, Tobacco Products Tax Return, is used to report and pay Tobacco Products Tax. Form TP-1 must be filed and the tax must be paid electronically. Distributor license holders can use MyTax Illinois, available at [mytax.illinois.gov](http://mytax.illinois.gov), to file Form TP-1 and pay the tax. IDOR also has the ability to receive and process Form TP-1 via third party software.