

Revenue Information Bulletin No. 15-032

August 3, 2015

Tobacco Tax

Tax on Vapor Products Effective August 1, 2015

OVERVIEW

Act 94, enacted during the 2015 Regular Legislative Session, levied a tax on vapor products, including e-cigarettes at the rate of five cents per milliliter of consumable nicotine liquid solution or other material containing nicotine that is depleted as a vapor product. The tax is on the amount of liquid solution or other material containing nicotine. For the purpose of tax calculation, all invoices for vapor products are to state the amount of consumable product in milliliters.

“Vapor products” is defined to mean any noncombustible product containing nicotine or other substances that employ a heating element, power source, electronic circuit, or other electronic, chemical or mechanical means, regardless of shape or size, used to produce vapor from nicotine in a solution or other form. “Vapor products” include any electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, or similar product or device and any vapor cartridge or other container of nicotine in a solution or other form that is intended to be used with or in an electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, or similar product or device.

In keeping with the provisions in La. R.S. 47:841 et seq., the tax is due from the dealer who first sells, uses, consumes, handles or distributes the product in the state of Louisiana. For traditional tobacco products, that is usually the wholesaler, but in some instances, it can be the manufacturer or the retail dealer receiving product who is responsible for remitting tax. The tax is to be remitted monthly and is due by the twentieth day of the month following the end of the previous calendar month. Registered wholesalers selling consumable vapor products are to report the quantities on the Tobacco Tax Return [R-5604]. A reporting form is being designed for retailers who are selling consumable vapor products obtained from other than a wholesaler or who manufacture their own and the form will be available in late August. The first reporting of tax on vapor products will be for the August 2015 period due to be filed before the twentieth of September. Individuals who receive untaxed product from a source other than a Louisiana dealer are to report those purchases on the Consumer Excise Tax Return [R-5629] and remit the applicable tax.

REGISTRATION AND BOND REQUIREMENTS

Current statutory provisions require dealers of vapor products to be permitted with the Office of Alcohol and Tobacco Control. Dealers of consumable nicotine liquid solutions responsible for the tax imposed by this Act are also required to be registered with the Louisiana Department of Revenue. Retail dealers who are receiving untaxed product from sources other than registered

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wholesalers must register with the Louisiana Department of Revenue for the purpose of remitting the tax on vapor products. At the discretion of the Secretary, a surety bond will not be required at this time of these retailers. The Department will periodically review the sufficiency of whether a bond is needed and may require a retail dealer to furnish a bond in an amount that adequately protects the State from loss if the dealer fails to pay taxes.

INTERNET SALES

Retailers with nexus to Louisiana are required to report Internet sales and remit the appropriate amount due. A business is deemed to have nexus if it or any of its affiliates has a presence in Louisiana. Nexus is created if your company or any of its affiliates maintain a temporary or permanent presence of people (employees, service people or independent sales/service agents) or property (inventory, offices, warehouses) in Louisiana. Retailers with no nexus to Louisiana are not required to report and remit taxes on Internet sales. However, the purchaser is required to report and remit tax on the purchases using Consumer Excise Tax Return [R-5629].

Tim Barfield
Secretary