

Cigarette Rolling Machine Operators

Notice #12-14

Tobacco Tax

August 2012

**Highlights**

- *Effective July 6, 2012, cigarette rolling machine operators are deemed to be manufacturers of tobacco products under the Internal Revenue Code*
- *The Tennessee Department of Revenue requires compliance with federal law before issuing a cigarette rolling machine operator license*

References:

*Public Law No. 112-141(2012);
Public Chapter 1066
(2012); Notice #12-06*

INTRODUCTION

This notice provides information concerning cigarettes produced by cigarette rolling machines.

DISCUSSION

On July 6, 2012, the "Moving Ahead for Progress in the 21st Century Act," Public Law No. 112-141, was signed into law. Section 100122 of the Act provides that any person who, for commercial purposes, makes available machines capable of making tobacco products for consumer use is considered a "manufacturer of tobacco products" for the purposes of the Internal Revenue Code of 1986. Such manufacturers are required to obtain a tobacco product manufacturer's permit from the Federal Alcohol and Tobacco Tax and Trade Bureau (TTB), as well as pay Federal excise taxes and comply with other TTB regulatory requirements.

Under Tennessee state law, Public Chapter 1066 (2012), cigarette rolling machine operators are also required to obtain a tobacco license and pay a \$500 license fee for each cigarette rolling machine possessed, controlled, or maintained by them. (See [Notice #12-06](#) for additional information).

The Department of Revenue will only issue cigarette rolling machine operator licenses to applicants who demonstrate compliance with Federal law by providing copies of tobacco product manufacturers' permits issued by the TTB. Failure to provide the Department with a valid tobacco product manufacturer's permit will result in denial of the cigarette rolling machine operator license.

Additional information regarding the tobacco product manufacturer's permit application is available on the TTB's website: www.ttb.gov.

The information provided here is current as of the date of publication but may change as a result of new statutes, regulations, or court decisions. While this notice is intended to be comprehensive, events and situations unanticipated by this notice may occur. In such cases you should contact the department or your tax professional for further guidance.