

TITLE 15. REVENUE

CHAPTER 3. DEPARTMENT OF REVENUE
LUXURY TAX SECTION

(Authority: A.R.S. § 42-1202 et seq.)

Article 1 consisting of Sections R15-3-101 through R15-3-104, Article 2 consisting of Sections R15-3-201 through R15-3-204, Article 3 consisting of Sections R15-3-301 through R15-3-322, Article 4 consisting of Sections R15-3-401 through R15-3-410, Article 5 consisting of Sections R15-3-501 through R15-3-512 adopted effective March 18, 1981.

Former Article 1 consisting of Sections R15-3-01 through R15-3-13 and Article 2 consisting of Sections R15-3-21 through R15-3-28 repealed effective March 18, 1981.

ARTICLE 1. REPEALED

Article 1, consisting of Sections R15-3-101 through R15-3-104, repealed effective May 14, 1993 (Supp. 93-2).

Section

R15-3-101.	Repealed
R15-3-102.	Repealed
R15-3-103.	Repealed
R15-3-104.	Repealed

ARTICLE 2. GENERAL

Section

R15-3-201.	Definitions
R15-3-202.	Reserved
R15-3-203.	Repealed
R15-3-204.	Repealed

ARTICLE 3. TAXES ON TOBACCO PRODUCTS

Section

R15-3-301.	Licensing
R15-3-302.	Tobacco Products from Manufacturers Not Participating in the Master Settlement Agreement
R15-3-303.	Tobacco Taxes on Other Tobacco Products
R15-3-304.	Change of Licensee's Business Name
R15-3-305.	Change of Licensee's Business Location or Mailing Address
R15-3-306.	Repealed
R15-3-307.	Cancellation of Distributor's License
R15-3-308.	Revocation or Suspension of Distributor's License
R15-3-309.	Inspection of Tobacco Product Retailers
R15-3-310.	Vending Machine Identification and Inspection
R15-3-311.	Cigarette Distributor's Monthly Return
R15-3-312.	Purchase of Cigarette Tax Stamps
R15-3-313.	Invoice Issued by a Distributor of Other Tobacco Products
R15-3-314.	Sales in Interstate or Foreign Commerce
R15-3-315.	Credit Purchases of Cigarette Tax Stamps
R15-3-316.	Sale of Unstamped Cigarettes
R15-3-317.	Disposition of Seized Tobacco Products
R15-3-318.	Refunds for and Redemption of Cigarette Tax Stamps
R15-3-319.	Renumbered
R15-3-320.	Repealed
R15-3-321.	Renumbered
R15-3-322.	Renumbered

ARTICLE 4. TAX ON ALCOHOLIC BEVERAGES

Section

R15-3-401.	Tax Return Filing Requirements for a Malt Liquor Wholesaler
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R15-3-402.	Tax Return Filing Requirements for a Spirituous or Vinous Liquor Wholesaler
R15-3-403.	Tax Return Filing Requirements for a Domestic Microbrewery, Domestic Farm Winery, or Beer Manufacturer
R15-3-404.	Taxes Remitted
R15-3-405.	Alcoholic Beverage Samples
R15-3-406.	Metric Conversion
R15-3-407.	Filing Requirements for a Primary Source of Supply
R15-3-408.	Failure to Report Purchases from a Primary Source of Supply
R15-3-409.	Repealed
R15-3-410.	Failure to File a Return or Pay Tax

ARTICLE 5. ADMINISTRATION

Section

R15-3-501.	Filing of Luxury Tax Reports and Returns
R15-3-502.	Repealed
R15-3-503.	Repealed
R15-3-504.	Repealed
R15-3-505.	Repealed
R15-3-506.	Repealed
R15-3-507.	Repealed
R15-3-508.	Repealed
R15-3-509.	Repealed
R15-3-510.	Expired
R15-3-511.	Repealed
R15-3-512.	Repealed

ARTICLE 1. REPEALED**R15-3-101. Repealed****Historical Note**

Adopted effective March 18, 1981 (Supp. 81-2).
Repealed effective May 14, 1993 (Supp. 93-2).

R15-3-102. Repealed**Historical Note**

Adopted effective March 18, 1981 (Supp. 81-2).
Repealed effective May 14, 1993 (Supp. 93-2).

R15-3-103. Repealed**Historical Note**

Adopted effective March 18, 1981 (Supp. 81-2).
Repealed effective May 14, 1993 (Supp. 93-2).

R15-3-104. Repealed**Historical Note**

Adopted effective March 18, 1981 (Supp. 81-2).
Repealed effective May 14, 1993 (Supp. 93-2).

ARTICLE 2. GENERAL**R15-3-201. Definitions**

In this Chapter, unless otherwise specified:

1. "Alcoholic beverage" means cider, malt liquor, spirituous liquor, and vinous liquor, as these terms are defined in A.R.S. § 42-3001.
2. "Business location" means either of the following:
 - a. Pursuant to A.R.S. § 42-3151(A), any place where books, papers, invoices, or records of a wholesaler, distributor, or retailer are open for inspection by the Department; or
 - b. Pursuant to A.R.S. § 42-3151(B), any place where luxuries are placed, produced, stored, or sold.
3. "Cigar" has the same meaning as prescribed in A.R.S. § 42-3001.
4. "Cigarette" has the same meaning as prescribed in A.R.S. § 42-3001.
5. "Cigarette distributor" has the same meaning as prescribed in A.R.S. § 42-3001.
6. "Consumer" has the same meaning as prescribed in A.R.S. § 42-3001.
7. "Distributor" has the same meaning as prescribed in A.R.S. § 42-3001.
8. "Luxury" has the same meaning as prescribed in A.R.S. § 42-3001.
9. "Other tobacco products" means all products included in A.R.S. §§ 42-3052(6) through (9).
10. "Primary source of supply" has the same meaning as prescribed in A.R.S. § 4-243.01(E)(1).
11. "Retailer" has the same meaning as prescribed in A.R.S. § 42-3001.
12. "Sale" means the act of soliciting, receiving an order for, keeping or offering for sale, delivering for value, peddling, or keeping with intent to sell any of the luxuries taxable under this Chapter.
13. "Tobacco products" has the same meaning as prescribed in A.R.S. § 42-3001.
14. "Tobacco taxes" means all taxes imposed on tobacco products under A.R.S. Title 42, Chapter 3.

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2).
Amended effective May 14, 1993 (Supp. 93-2). Amended by final rulemaking at 14 A.A.R. 4410, effective January 3, 2009 (Supp. 08-4).

R15-3-202. Reserved**R15-3-203. Repealed****Historical Note**

Adopted effective March 18, 1981 (Supp. 81-2).
Repealed effective July 23, 1985 (Supp. 85-4).

R15-3-204. Repealed**Historical Note**

Adopted effective March 18, 1981 (Supp. 81-2).
Repealed effective July 23, 1985 (Supp. 85-4).

ARTICLE 3. TAXES ON TOBACCO PRODUCTS**R15-3-301. Licensing**

- A. An individual shall obtain a distributor's license before engaging in business as a distributor. The Department shall issue a distributor's license to the individual named in the license application for a business making the initial sale or distribution of tobacco products in this state, pursuant to the requirements of A.R.S. § 42-3201(A) and any applicable

bonding requirements under A.R.S. § 42-1102(B). A licensee shall not transfer its distributor's license to a new owner when selling its business.

- B. In cases of liquidation, insolvency, or bankruptcy where businesses remain in operation as distributors of tobacco products, court-appointed trustees, receivers, or others shall obtain distributors' licenses in their own names.
- C. A licensee shall apply for a new distributor's license if it changes its legal entity or otherwise changes the legal structure of its business.
- D. A licensee shall obtain a distributor's license for each business location that maintains an inventory of tobacco products and shall display the license in a conspicuous place at the business location.
- E. Except as provided in subsection (F), the Department shall issue a license for a business location only if the business maintains any books, papers, invoices, records, and luxuries subject to the Department's inspection under A.R.S. § 42-3151 in a place and manner at the business location that is accessible to the Department during normal business hours without a judicial warrant or prior written consent of the licensee. For example, if a licensee or agent of the licensee also uses the business location for residential purposes, the licensee shall maintain its books, papers, invoices, records, and luxuries in a place and manner at the business location that does not require the Department to obtain a judicial warrant or written consent from the licensee or an agent of the licensee before conducting an inspection during normal business hours.
- F. If a business maintains any books, papers, invoices, or records electronically, the Department shall issue a license for a business location only if the business provides access to the data for the Department's inspection at the business location, regardless of the storage location of the data. The business shall provide the access at the business location in a place and manner that is accessible to the Department during normal business hours without a judicial warrant or prior written consent of the licensee.
- G. If an applicant remits payment of the licensee fee for its business location by cashier's check, company check, or money order, the payment shall bear one of the following:
 1. The name of the applicant as the purchaser or remitter, if the payment is made by cashier's check or money order; or
 2. The name of the applicant as the drawer or maker, if the payment is made by company check.
- H. Pursuant to A.R.S. §§ 42-3004(1) and 42-3201(B), the Department may request an applicant for a distributor's license to submit additional supporting documentation for the purpose of enforcing this Section.

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2). Former Section R15-3-301 repealed, new R15-3-301 renumbered from R15-3-302 and amended effective June 20, 1990 (Supp. 90-2). Amended by final rulemaking at 5 A.A.R. 2168, effective June 15, 1999 (Supp. 99-2). Amended by final rulemaking at 14 A.A.R. 4410, effective January 3, 2009 (Supp. 08-4). Amended by exempt rulemaking at 19 A.A.R. 520, effective February 19, 2013 (Supp. 13-1).

R15-3-302. Tobacco Products from Manufacturers Not Participating in the Master Settlement Agreement

- A. In this Section:
 1. "Cigarette" has the same meaning as prescribed in A.R.S. § 44-7101, Section 2(d).
 2. "Department" means the Arizona Department of Revenue.

3. "Excise taxes" means taxes imposed on cigarettes under A.R.S. Title 42, Chapter 3.
 4. "Master Settlement Agreement" has the meaning prescribed in A.R.S. § 44-7101, Section 2(e).
 5. "Non-participating manufacturer" means a tobacco product manufacturer that is not a participating manufacturer.
 6. "Original participating manufacturers" means Brown & Williamson Tobacco Corporation, Lorillard Tobacco Company, Philip Morris Incorporated, and R.J. Reynolds Tobacco Company, and the respective successors of each of them.
 7. "Participating manufacturer" means the original participating manufacturers and subsequent participating manufacturers.
 8. "Subsequent participating manufacturers" means tobacco product manufacturers that have become signatories to the Master Settlement Agreement but that are not original participating manufacturers, and the respective successors of each of them.
 9. "Tobacco distributor" means a distributor as prescribed in A.R.S. § 42-3001.
 10. "Tobacco product manufacturer" has the same meaning as prescribed in A.R.S. § 44-7101, Section 2(i).
- B.** The Department shall maintain a current list of participating manufacturers and make it available to tobacco distributors.
- C.** A tobacco distributor shall report monthly to the Department on a form provided by the Department:
1. The brand names of each non-participating manufacturer's cigarettes received by the tobacco distributor in Arizona;
 2. The brand names of each non-participating manufacturer's cigarettes received by the tobacco distributor outside Arizona and sold by the tobacco distributor in Arizona;
 3. The name and address of the non-participating manufacturer of each brand of cigarettes identified by the tobacco distributor;
 4. The number of individual cigarettes of each brand of each non-participating manufacturer sold in Arizona by the tobacco distributor during the preceding month, separately stating:
 - a. The number of cigarette packages sold and the number of individual cigarettes in each package; and
 - b. The number of "roll-your-own" tobacco containers sold and the number of individual cigarettes in each container;
 5. The amount of excise taxes paid or to be paid on the cigarettes addressed in subsection (C)(4), separately stating:
 - a. The amount of excise taxes paid by purchasing and affixing tax stamps to cigarette packages;
 - b. The amount of excise taxes to be paid with the tobacco distributor's tax return for "roll-your-own" tobacco containers; and
 - c. Any other amount of excise taxes paid or to be paid on the cigarettes not addressed in subsections (C)(5)(a) or (b);
 6. The number of individual cigarettes of each brand of each non-participating manufacturer received by the tobacco distributor in Arizona, separately stating:
 - a. The number of cigarette packages received and the number of individual cigarettes in each package; and
 - b. The number of "roll-your-own" tobacco containers received and the number of individual cigarettes in each container;
 7. The number of individual cigarettes of each brand of each non-participating manufacturer that the tobacco distributor exported from Arizona without payment of excise taxes, separately stating:
 - a. The number of cigarette packages exported and the number of individual cigarettes in each package; and
 - b. The number of "roll-your-own" tobacco containers exported and the number of individual cigarettes in each container;
 8. The number of individual cigarettes of each brand of each non-participating manufacturer for which the tobacco distributor obtained a tax refund under A.R.S. § 42-3008, separately stating:
 - a. The number of cigarette packages for which the tobacco distributor obtained a tax refund and the number of individual cigarettes in each package; and
 - b. The number of "roll-your-own" tobacco containers for which the tobacco distributor obtained a tax refund and the number of individual cigarettes in each container; and
 9. The invoice number (and if subsequently requested by the Department, a copy of each invoice) relating to the tobacco distributor's:
 - a. Purchase or acquisition of any non-participating manufacturer's cigarettes received or sold by the tobacco distributor in Arizona; and
 - b. Export, if any, of any non-participating manufacturer's cigarettes from Arizona.
- D.** A tobacco distributor shall file the report required under subsection (C) with the Department by the 20th day of the month following the month for which the report is made. Reports for cigarettes sold in Arizona after April 24, 2000, and before the effective date of this Section are due 60 days after the effective date of this Section.
- E.** A tobacco distributor shall maintain all records relating to or reflecting its purchase and sale of non-participating manufacturers' cigarettes after April 24, 2000, for a period of four years after the date of sale. The tobacco distributor shall make the records available to the Department upon request by the Department.
- F.** Subject to the requirements of R15-3-308, the Department may revoke a license issued to a tobacco distributor under A.R.S. § 42-3201 if the tobacco distributor fails to comply with this Section, based on the severity of the violations.

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2). Former Section R15-3-302 renumbered to R15-3-301, new Section R15-3-302 renumbered from R15-3-304 and amended effective June 20, 1990 (Supp. 90-2). Section repealed by final rulemaking at 5 A.A.R. 2168, effective June 15, 1999 (Supp. 99-2). New Section made by final rulemaking at 8 A.A.R. 459, effective January 10, 2002 (Supp. 02-1). Amended by final rulemaking at 14 A.A.R. 4410, effective January 3, 2009 (Supp. 08-4).

R15-3-303. Tobacco Taxes on Other Tobacco Products

The Department shall consider tobacco taxes paid at the time of the sale, distribution, or transfer of other tobacco products if distributors report and remit the taxes on the products in accordance with the manner, method, and time prescribed by A.R.S. § 42-3208. Sworn returns prepared and remitted by distributors pursuant to A.R.S. § 42-3208 constitute official indicia that tobacco taxes have been paid on the other tobacco products.

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2). Former Section R15-3-303 repealed, new Section R15-3-303

renumbered from R15-3-305 and amended effective June 20, 1990 (Supp. 90-2). Section repealed by final rulemaking at 5 A.A.R. 2168, effective June 15, 1999 (Supp. 99-2). New Section made by final rulemaking at 12 A.A.R. 4892, effective December 5, 2006 (Supp. 06-4). Amended by final rulemaking at 14 A.A.R. 4410, effective January 3, 2009 (Supp. 08-4).

R15-3-304. Change of Licensee's Business Name

A licensee that changes the name under which its business operates shall notify the Department in writing within 30 days of the name change and request a reissuance of its distributor's license for each business location described in R15-3-301(D).

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2). Former Section R15-3-304 renumbered to R15-3-302, new Section R15-3-304 renumbered from R15-3-306 and amended effective June 20, 1990 (Supp. 90-2). Amended by final rulemaking at 5 A.A.R. 2168, effective June 15, 1999 (Supp. 99-2). Amended by final rulemaking at 14 A.A.R. 4410, effective January 3, 2009 (Supp. 08-4).

R15-3-305. Change of Licensee's Business Location or Mailing Address

- A. Except as provided in subsection (C), a licensee shall notify the Department in writing within 30 days of a change in a business location described in R15-3-301(D) and request a reissuance of its distributor's license for the business location.
- B. Except as provided in subsection (C), a licensee shall notify the Department in writing within 30 days of a change in the licensee's mailing address. The licensee shall specify whether the change is for the mailing address only.
- C. A licensee that has received a service of documents from the Department pursuant to A.R.S. § 41-1092.04 shall notify the Department of any change in the licensee's business location or mailing address that would affect the subsequent service of documents within five days of the change.

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2). Former Section R15-3-305 renumbered to R15-3-303, new Section R15-3-305 renumbered from R15-3-307 and amended effective June 20, 1990 (Supp. 90-2). Amended by final rulemaking at 5 A.A.R. 2168, effective June 15, 1999 (Supp. 99-2). Amended by final rulemaking at 14 A.A.R. 4410, effective January 3, 2009 (Supp. 08-4).

R15-3-306. Repealed

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2). Former Section R15-3-306 renumbered to R15-3-304, new Section R15-3-306 renumbered from R15-3-308 and amended effective June 20, 1990 (Supp. 90-2). Section repealed by final rulemaking at 5 A.A.R. 2168, effective June 15, 1999 (Supp. 99-2).

R15-3-307. Cancellation of Distributor's License

If a licensee sells or terminates its business, the licensee shall notify the Department in writing within 30 days of the sale or termination, including the date of the sale or termination. The Department shall cancel the license, effective as of the date of the sale or termination of the business.

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2). Former Section R15-3-307 renumbered to R15-3-305, new Section R15-3-307 renumbered from R15-3-309 and amended effective June 20, 1990 (Supp. 90-2). Amended

by final rulemaking at 5 A.A.R. 2168, effective June 15, 1999 (Supp. 99-2). Amended by final rulemaking at 14 A.A.R. 4410, effective January 3, 2009 (Supp. 08-4).

R15-3-308. Revocation or Suspension of Distributor's License

- A. The Department cannot issue or renew a distributor's license, and may revoke the existing license of a distributor, if any of the conditions listed under A.R.S. § 42-3201(F) applies.
- B. Except as otherwise provided in A.R.S. § 42-3201 and this Section, the Department may revoke or suspend a license for more than two violations within a three-year period of any provision of A.R.S. Title 42 or this Article, pursuant to A.R.S. § 42-3201(G).
- C. The Department may revoke a license for any violation of A.R.S. § 42-3210(B)(1).
- D. The Department shall give written notice of a revocation or suspension to a licensee by delivering the notice to the licensee by certified mail, return receipt requested, to the licensee's business location or by personal service.
- E. The licensee shall request a hearing in writing within 30 days after receipt of the notice to appeal the revocation or suspension to the Department. If the notice is delivered by certified mail, return receipt requested, the licensee is presumed to have received notice upon the date shown on the return receipt signed by or on behalf of the licensee, or, if the receipt is unsigned, upon the date that the United States Postal Service attempted to deliver the notice. If the notice is delivered by personal service, the licensee is presumed to have received notice upon the date of service.
- F. If the licensee does not file an appeal within the 30-day period, the Department's determination becomes final. The Department shall consider the appeal filed on the earlier of the date received by the Department or the date deposited in the United States mail as evidenced by a postmark. If the licensee files a timely appeal, the Department shall request a hearing by the Office of Administrative Hearings.
- G. If the licensee appeals the revocation or suspension, the Department shall suspend action until the final order of the Department has been issued under A.A.C. R15-10-131.
- H. Pursuant to A.R.S. §§ 41-1092.11(B) and 42-3201(G), the Department may order the summary suspension of a license, pending a hearing by the Office of Administrative Hearings on the revocation or suspension, if the Department finds that the public health, safety, or welfare imperatively requires emergency action and incorporates the finding in the written notice described in subsection (D).

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2). Former Section R15-3-308 renumbered to Section R15-3-306, new Section R15-3-308 renumbered from R15-3-310 and amended effective June 20, 1990 (Supp. 90-2). Amended by final rulemaking at 5 A.A.R. 2168, effective June 15, 1999 (Supp. 99-2). Amended by final rulemaking at 14 A.A.R. 4410, effective January 3, 2009 (Supp. 08-4). Amended by exempt rulemaking at 19 A.A.R. 520, effective February 19, 2013 (Supp. 13-1).

R15-3-309. Inspection of Tobacco Product Retailers

- A. A tobacco product retailer shall maintain any books, papers, invoices, records, and luxuries subject to the Department's inspection under A.R.S. § 42-3151 in a place and manner at the retail operation that is accessible to the Department during normal business hours without a judicial warrant or prior written consent of the retailer. For example, if a retailer or agent of the retailer also uses the business location for

residential purposes, the retailer shall maintain its books, papers, invoices, records, and luxuries in a place and manner at the business location that does not require the Department to obtain a judicial warrant or written consent from the retailer or an agent of the retailer before conducting an inspection during normal business hours.

- B.** If the retailer maintains any books, papers, invoices, or records electronically, the business shall provide access to the data for the Department's inspection at the business location, regardless of the storage location of the data. The retailer shall provide the access at the business location in a place and manner that is accessible to the Department during normal business hours without a judicial warrant or prior written consent of the retailer.

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2). Former Section R15-3-309 renumbered to Section R15-3-307, new Section R15-3-309 renumbered from R15-3-311 and amended effective June 20, 1990 (Supp. 90-2). Section repealed by final rulemaking at 5 A.A.R. 2168, effective June 15, 1999 (Supp. 99-2). New Section made by final rulemaking at 14 A.A.R. 4410, effective January 3, 2009 (Supp. 08-4).

R15-3-310. Vending Machine Identification and Inspection

- A.** An owner, operator, or person in possession of a vending machine shall ensure that any agent of the Department can inspect all cigarettes that are offered for sale using the vending machine. Except as provided in subsection (B), the owner, operator, or person in possession of the vending machine shall visibly display cigarettes in the vending machine so the Department's agent can inspect the cigarettes in the machine to verify that the required cigarette tax stamps are properly affixed.
- B.** If the cigarettes cannot be visually inspected in a vending machine, the owner, operator, or person in possession of the machine shall have access to the cigarettes in the machine and shall permit the Department's agent to inspect the cigarettes visually.

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2). Former Section R15-3-310 renumbered to R15-3-308, new Section R15-3-310 renumbered from R15-3-313 and amended effective June 20, 1990 (Supp. 90-2). Amended by final rulemaking at 5 A.A.R. 2168, effective June 15, 1999 (Supp. 99-2). Amended by final rulemaking at 14 A.A.R. 4410, effective January 3, 2009 (Supp. 08-4).

R15-3-311. Cigarette Distributor's Monthly Return

A cigarette distributor shall file the applicable return or report, in the form furnished by the Department at www.azdor.gov or an office of the Department, on a monthly basis, as prescribed in A.R.S. § 42-3211.

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2). Former Section R15-3-311 renumbered to Section R15-3-309, new Section R15-3-311 renumbered from R15-3-314 and amended effective June 20, 1990 (Supp. 90-2). Amended by final rulemaking at 5 A.A.R. 2168, effective June 15, 1999 (Supp. 99-2). Amended by final rulemaking at 14 A.A.R. 4410, effective January 3, 2009 (Supp. 08-4).

R15-3-312. Purchase of Cigarette Tax Stamps

- A.** A cigarette distributor shall obtain cigarette tax stamps only from the Department. The Department shall not provide

cigarette tax stamps to a person who does not hold a valid distributor's license issued by the Department.

- B.** A cigarette distributor shall not sell, lend, give, purchase, or otherwise transfer cigarette tax stamps to or for another person.
- C.** If a cigarette distributor remits payment for cigarette tax stamps by cashier's check, company check, or money order, the payment shall bear one of the following:
1. The name of the cigarette distributor purchasing the cigarette tax stamps as the purchaser or remitter, if the payment is made by cashier's check or money order; or
 2. The name of the cigarette distributor purchasing the cigarette tax stamps as the drawer or maker, if the payment is made by company check.

Historical Note

Former Section R15-3-316 renumbered to R15-3-312 and amended effective June 20, 1990 (Supp. 90-2). Amended by final rulemaking at 5 A.A.R. 2168, effective June 15, 1999 (Supp. 99-2). Amended by final rulemaking at 14 A.A.R. 4410, effective January 3, 2009 (Supp. 08-4).

R15-3-313. Invoice Issued by a Distributor of Other Tobacco Products

For the purpose of enforcing A.R.S. § 42-3202 and pursuant to A.R.S. § 42-3004, a distributor of other tobacco products shall issue an invoice or equivalent documentation for each transaction that involves the sale, purchase, or consignment of other tobacco products to the distributor's customer. The invoice or equivalent documentation shall include the license number of the distributor, which the distributor's customer may use to determine whether the license is current and valid.

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2). Former Section R15-3-313 renumbered to R15-3-310, new Section R15-3-313 renumbered from R15-3-318 effective June 20, 1990 (Supp. 90-2). Section expired under A.R.S. § 41-1056(E) at 9 A.A.R. 4135, effective July 31, 2003 (Supp. 03-3). New Section made by final rulemaking at 14 A.A.R. 4410, effective January 3, 2009 (Supp. 08-4).

R15-3-314. Sales in Interstate or Foreign Commerce

Tobacco products sold by licensed distributors to purchasers located outside the state are exempt from tobacco taxes if the following conditions are met:

1. The tobacco products are shipped or delivered by the distributor to a location outside the state for use outside the state; and
2. The distributor files with the Department the applicable monthly return or report for the tobacco products being sold, in the form furnished by the Department at www.azdor.gov or an office of the Department;
3. The distributor, on the form filed under subsection (2), indicates the amount of out-of-state sales in the appropriate section and the party to whom the sales were made and provides each of the following:
 - a. One copy of the return or report to the Department;
 - b. One copy of the return or report to the taxing authority of the state of destination of the cigarettes or other tobacco products; and
4. The distributor retains one copy of each return or report for four years following the close of the calendar year in which the cigarettes are sold or two years following the close of the calendar year in which the other tobacco products are sold.

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2). Former Section R15-3-314 renumbered to R15-3-311, new Section R15-3-314 renumbered from R15-3-319 and amended effective June 20, 1990 (Supp. 90-2). Amended by final rulemaking at 5 A.A.R. 2168, effective June 15, 1999 (Supp. 99-2). Amended by final rulemaking at 14 A.A.R. 4410, effective January 3, 2009 (Supp. 08-4).

R15-3-315. Credit Purchases of Cigarette Tax Stamps

A cigarette distributor may increase its credit limit for cigarette tax stamp purchases by increasing the amount of its bond on file with the Department.

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2). Amended effective November 5, 1986 (Supp. 86-6). Former Section R15-3-315 repealed, new Section R15-3-315 renumbered from R15-3-321 and amended effective June 20, 1990 (Supp. 90-2). Amended by final rulemaking at 5 A.A.R. 2168, effective June 15, 1999 (Supp. 99-2). Amended by final rulemaking at 14 A.A.R. 4410, effective January 3, 2009 (Supp. 08-4).

R15-3-316. Sale of Unstamped Cigarettes

- A.** Except as otherwise provided in A.R.S. Title 42, Chapter 3, Article 5, a cigarette distributor shall file the applicable monthly return with the Department, on the form furnished by the Department at www.azdor.gov or an office of the Department, showing that the cigarette distributor has purchased a sufficient number of cigarette tax stamps to be affixed to all cigarettes it distributes in this state during the period. If the cigarette distributor does not provide this information, the Department shall presume that the cigarette distributor sold unstamped cigarettes. In that case, the Department shall determine the amount of unstamped cigarettes sold by the cigarette distributor and shall issue a proposed deficiency assessment for any luxury tax found due. The proposed deficiency assessment becomes final unless the cigarette distributor protests the assessment within 45 days under A.R.S. § 42-1108 and 15 A.A.C. 10, Article 1.
- B.** If a retailer maintains or possesses cigarettes at its place of business that, upon the Department's inspection, are loose or otherwise repackaged in a manner different from that distributed for sale by the cigarette manufacturer, the Department shall presume, unless the retailer establishes the contrary, that the retailer is offering the cigarettes for sale in violation of A.R.S. § 42-3203(E).

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2). Former Section R15-3-316 renumbered to R15-3-312, new Section R15-3-316 renumbered from R15-3-322 and amended effective June 20, 1990 (Supp. 90-2). Amended by final rulemaking at 5 A.A.R. 2168, effective June 15, 1999 (Supp. 99-2). Amended to correct typographical error in citation to Arizona Revised Statutes (Supp. 00-1). Amended by final rulemaking at 14 A.A.R. 4410, effective January 3, 2009 (Supp. 08-4).

R15-3-317. Disposition of Seized Tobacco Products

- A.** Except as provided in subsection (B), tobacco products seized by the Department are subject to return to a licensee that prevails in an appeal of the seizure.
- B.** The Department will destroy products seized under any of the following circumstances:
1. Tobacco products, other than pipe tobacco or cigars, seized for a violation of A.R.S. § 36-798.06.

2. Cigarettes seized for noncompliance with A.R.S. § 41-2170.01 or for lack of markings required by A.R.S. § 41-2170.03;
3. Cigarettes seized for a violation of A.R.S. § 42-3210.
4. Cigarettes seized pursuant to A.R.S. § 44-7111(6)(b). For the purposes of this paragraph, "cigarette" has the same meaning prescribed in A.R.S. § 44-7101(2)(d).
5. Seizure of tobacco products under any other A.R.S. section that requires destruction of the products seized.

Historical Note

New Section made by exempt rulemaking at 19 A.A.R. 520, effective February 19, 2013 (Supp. 13-1).

R15-3-318. Refunds for and Redemption of Cigarette Tax Stamps

- A.** The Department does not bear the risk of loss or theft of cigarette tax stamps sold to a licensee and no longer in the Department's possession.
- B.** Mistakes on the part of a licensee in the handling, usage, or recordkeeping of cigarette tax stamps in its possession will not suffice to oblige the Department to issue a refund.
- C.** The Department is not obligated to refund or redeem stamps for a licensee unless the licensee proves any of the following:
1. The conditions provided in R15-3-314 have been met to show that the licensee affixed the stamps to cigarettes exported from Arizona;
 2. The licensee affixed stamps to articles upon which stamps are not required, except for articles deemed contraband under A.R.S. Title 42, Chapter 3;
 3. The licensee affixed stamps to cigarettes that are unfit for sale due to breakage or spoilage, unless the cigarettes are deemed contraband under A.R.S. Title 42, Chapter 3; or
 4. The licensee has not used the stamps.
- D.** Pursuant to A.R.S. § 42-3008(C), the Department will not refund the tax for cigarette tax stamps affixed to articles that are deemed contraband under A.R.S. Title 42, Chapter 3.

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2). Former Section R15-3-318 renumbered to R15-3-313 effective June 20, 1990 (Supp. 90-2). New Section made by exempt rulemaking at 19 A.A.R. 520, effective February 19, 2013 (Supp. 13-1).

R15-3-319. Renumbered**Historical Note**

Adopted effective March 18, 1981 (Supp. 81-2). Former Section R15-3-319 renumbered to R15-3-314 effective June 20, 1990 (Supp. 90-2).

R15-3-320. Repealed**Historical Note**

Adopted effective March 18, 1981 (Supp. 81-2). Repealed effective June 20, 1990 (Supp. 90-2).

R15-3-321. Renumbered**Historical Note**

Adopted effective March 18, 1981 (Supp. 81-2). Former Section R15-3-321 renumbered to R15-3-315 effective June 20, 1990 (Supp. 90-2).

R15-3-322. Renumbered**Historical Note**

Adopted effective March 18, 1981 (Supp. 81-2). Former Section R15-3-322 renumbered to Section R15-3-316 effective June 20, 1990 (Supp. 90-2).

ARTICLE 4. TAX ON ALCOHOLIC BEVERAGES**R15-3-401. Tax Return Filing Requirements for a Malt Liquor Wholesaler**

On or before the statutory deadline each month, each wholesaler of malt liquor shall file a return on a form prescribed by the Department. The return shall show the following:

1. Taxpayer's name, mailing address, business address, liquor license number issued by the Department of Liquor Licenses and Control, and identification number;
2. The itemized quantity of malt liquor purchased during the month the tax accrued, listed by supplier and invoice number;
3. The itemized quantity of tax-free sales of malt liquor during the month the tax accrued, listed by purchaser and invoice number;
4. The itemized quantity of out-of-state sales of malt liquor during the month the tax accrued, listed by purchaser and invoice number;
5. The itemized quantity of malt liquor purchased from other licensed Arizona wholesalers during the month the tax accrued, listed by supplier and invoice number;
6. The total quantity of malt liquor purchased in Arizona during the month the tax accrued;
7. The amount of luxury tax accrued during the month; and
8. Supporting documentation for the information provided in the return.

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2). Amended effective July 23, 1985 (Supp. 85-4). Amended by final rulemaking at 5 A.A.R. 3768, effective September 22, 1999 (Supp. 99-3). Amended by final rulemaking at 14 A.A.R. 4410, effective January 3, 2009 (Supp. 08-4).

R15-3-402. Tax Return Filing Requirements for a Spirituous or Vinous Liquor Wholesaler

On or before the statutory deadline each month, each spirituous or vinous liquor wholesaler shall file a return on a form prescribed by the Department. The return shall show the following:

1. Taxpayer's name, mailing address, business address, liquor license number issued by the Department of Liquor Licenses and Control, and identification number;
2. The itemized quantity of spirituous or vinous liquor sold during the month the tax accrued, listed by purchaser and invoice number;
3. The itemized quantity of spirituous or vinous liquor received during the month the tax accrued, listed by supplier and invoice number;
4. The total quantity of spirituous or vinous liquor available at the beginning and at the end of the month the tax accrued;
5. The itemized quantity of tax-free sales of spirituous or vinous liquor during the month the tax accrued, listed by purchaser and invoice number;
6. The itemized quantity of out-of-state sales of spirituous or vinous liquor during the month the tax accrued, listed by purchaser and invoice number;
7. The itemized quantity of spirituous or vinous liquor sold to other licensed Arizona wholesalers during the month the tax accrued, listed by purchaser and invoice number;
8. The total quantity of spirituous or vinous liquor sold in Arizona during the month the tax accrued;
9. The amount of luxury tax accrued during the month; and
10. Supporting documentation for the information provided in the return.

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2). Amended effective July 23, 1985 (Supp. 85-4). Amended by final rulemaking at 5 A.A.R. 3768, effective September 22, 1999 (Supp. 99-3). Amended by final rulemaking at 14 A.A.R. 4410, effective January 3, 2009 (Supp. 08-4).

R15-3-403. Tax Return Filing Requirements for a Domestic Microbrewery, Domestic Farm Winery, or Beer Manufacturer

On or before the statutory deadline each month, each domestic microbrewery, domestic farm winery, or beer manufacturer subject to A.R.S. § 42-3355 shall file a return on a form prescribed by the Department. The return shall show the following:

1. Taxpayer's name, mailing address, business address, liquor license number issued by the Department of Liquor Licenses and Control, and identification number;
2. The itemized quantity of tax-free sales to Arizona purchasers during the month the tax accrued, listed by purchaser and invoice number;
3. For taxpayers filing for locations physically within the state, the itemized quantity of out-of-state sales during the month the tax accrued, listed by purchaser and invoice number;
4. The itemized quantity of beer, malt liquor, or vinous liquor sold to other licensed Arizona wholesalers during the month the tax accrued, listed by purchaser and invoice number;
5. The total quantity of beer, malt liquor, or vinous liquor sold to Arizona purchasers during the month the tax accrued;
6. The amount of luxury tax accrued during the month; and
7. Supporting documentation for the information provided in the return.

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2). Section repealed; new Section adopted by final rulemaking at 5 A.A.R. 3768, effective September 22, 1999 (Supp. 99-3). Amended by final rulemaking at 14 A.A.R. 4410, effective January 3, 2009 (Supp. 08-4).

R15-3-404. Taxes Remitted

Any domestic farm winery or domestic microbrewery required under A.R.S. Title 4, Chapter 2, Article 1 to remit transaction privilege tax shall remit the tax under the retail classification (see 15 A.A.C. 5, Article 1) on its gross receipts from the sale in addition to luxury tax, regardless of its business location.

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2). Section repealed by final rulemaking at 5 A.A.R. 3768, effective September 22, 1999 (Supp. 99-3). New Section made by final rulemaking at 14 A.A.R. 4410, effective January 3, 2009 (Supp. 08-4).

R15-3-405. Alcoholic Beverage Samples

Samples of alcoholic beverages, whether intended for personal or commercial use and consumption, and whether provided for a consideration, are subject to luxury tax at the rates prescribed in A.R.S. § 42-3052 unless otherwise exempt under A.R.S. Title 42, Chapter 3.

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2). Section repealed by final rulemaking at 5 A.A.R. 3768, effective September 22, 1999 (Supp. 99-3). New Section made by

final rulemaking at 14 A.A.R. 4410, effective January 3, 2009 (Supp. 08-4).

R15-3-406. Metric Conversion

To compute the luxury tax for alcoholic beverages in metric containers, each taxpayer shall multiply the quantity in liters by 0.264172 to determine the equivalent quantity in gallons.

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2). Amended by final rulemaking at 5 A.A.R. 3768, effective September 22, 1999 (Supp. 99-3). Amended by final rulemaking at 14 A.A.R. 4410, effective January 3, 2009 (Supp. 08-4).

R15-3-407. Filing Requirements for a Primary Source of Supply

- A. At the time of making a sale to an Arizona wholesaler, a primary source of supply shall file with the Department a copy of the sales invoice issued to the wholesaler that provides the information required under A.R.S. § 42-3352.
- B. If the Department determines that a primary source of supply failed to transmit copies of all invoices for sales of alcoholic beverages to Arizona wholesalers as required by A.R.S. § 4-243.01, the Department shall instruct each Arizona wholesaler not to accept any shipment of alcoholic beverages from the primary source of supply for one year.

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2). Amended by final rulemaking at 5 A.A.R. 3768, effective September 22, 1999 (Supp. 99-3). Amended by final rulemaking at 14 A.A.R. 4410, effective January 3, 2009 (Supp. 08-4).

R15-3-408. Failure to Report Purchases from a Primary Source of Supply

If the Department determines that an Arizona wholesaler failed to transmit to the Department copies of all invoices for alcoholic beverages purchased from any primary source of supply as required by A.R.S. § 4-243.01, the Department shall report the failure to the Department of Liquor Licenses and Control.

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2). Amended by final rulemaking at 5 A.A.R. 3768, effective September 22, 1999 (Supp. 99-3). Amended by final rulemaking at 14 A.A.R. 4410, effective January 3, 2009 (Supp. 08-4).

R15-3-409. Repealed

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2). Section repealed by final rulemaking at 5 A.A.R. 3768, effective September 22, 1999 (Supp. 99-3).

R15-3-410. Failure to File a Return or Pay Tax

The Department shall report any failure by a licensee to file a return or pay the tax due to the Department of Liquor Licenses and Control, and the Department shall request that the Department of Liquor Licenses and Control take any applicable action authorized under A.R.S. Title 4.

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2). Amended by final rulemaking at 5 A.A.R. 3768, effective September 22, 1999 (Supp. 99-3). Amended by final rulemaking at 14 A.A.R. 4410, effective January 3, 2009 (Supp. 08-4).

ARTICLE 5. ADMINISTRATION

R15-3-501. Filing of Luxury Tax Reports and Returns

All reports and returns required to be filed under A.R.S. Title 42, Chapter 3 or this Chapter shall be deemed timely filed if the date shown by the postmark of the United States Postal Service is on or before the due date. If a report or return is filed using a commercial delivery service that requires a signed receipt as part of a standardized delivery confirmation process, it shall be deemed timely filed if the transmittal date shown on the envelope or container in which the filer sends the document is on or before the due date.

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2). Amended effective June 20, 1990 (Supp. 90-2). Amended by final rulemaking at 14 A.A.R. 4410, effective January 3, 2009 (Supp. 08-4).

R15-3-502. Repealed

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2). Repealed effective February 22, 1989 (Supp. 89-1).

R15-3-503. Repealed

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2). Repealed effective February 22, 1989 (Supp. 89-1).

R15-3-504. Repealed

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2). Repealed effective February 22, 1989 (Supp. 89-1).

R15-3-505. Repealed

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2). Repealed effective February 22, 1989 (Supp. 89-1).

R15-3-506. Repealed

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2). Repealed effective February 22, 1989 (Supp. 89-1).

R15-3-507. Repealed

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2). Repealed effective February 22, 1989 (Supp. 89-1).

R15-3-508. Repealed

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2). Repealed effective February 22, 1989 (Supp. 89-1).

R15-3-509. Repealed

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2). Repealed effective February 22, 1989 (Supp. 89-1).

R15-3-510. Expired

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2). Amended effective June 20, 1990 (Supp. 90-2). Section expired under A.R.S. § 41-1056(E) at 9 A.A.R. 4135, effective July 31, 2003 (Supp. 03-3).

R15-3-511. Repealed

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2).
Repealed effective February 22, 1989 (Supp. 89-1).

R15-3-512. Repealed

Historical Note

Adopted effective March 18, 1981 (Supp. 81-2).
Repealed effective February 22, 1989 (Supp. 89-1).