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FREQUENTLY ASKED QUESTIONS FOR THE TAX ON VAPOR PRODUCTS LICENSURE

Summary

This document supplements the Department's Important Notice: New Vapor Products License Requirement. It addresses many scenarios applicable to persons currently holding an Other Tobacco Products (OTP) License and persons needing to obtain a Vapor Products License.

The frequently asked questions and responses covered in this document are the following:

- Question 1: Who needs the Vapor Products License?
- Question 2: How do I apply for a Vapor Products License?
- Question 3: A Vapor Products License is required for locations where a wholesale dealer or a retail dealer receives or stores non-excise-tax-paid vapor products. How does a wholesale dealer or retailer know if the excise tax has been paid on vapor products?
- Question 4: Who must obtain an Other Tobacco Products (OTP) License?
- Question 5: How does a licensee cancel a license?
- Question 6: I renewed my Other Tobacco Products (OTP) License in 2023, do I need to apply for a Vapor Products license?
- Question 7: I currently have an Other Tobacco Products (OTP) License and receive or store non-excise-tax-paid vapor products. Do I need to get a Vapor Products License?
- Question 8: I currently have an Other Tobacco Products (OTP) License and do not receive, store, or manufacture non-excise-tax-paid vapor products. Do I need to get a Vapor Products License?
- Question 9: I currently have an Other Tobacco Products (OTP) License and will be required to have a Vapor Products License on July 1, 2024. However, I failed to apply for a Vapor Products License before July 1, 2024, what do I need to do?

- Question 10: I currently have an Other Tobacco Products (OTP) License and only receive or store non-excise-tax-paid vapor products. What should I do with the Other Tobacco Products (OTP) License?
- Question 11: If I keep my Other Tobacco Products (OTP) License, what returns am I responsible for filing?
- Question 12: I have an Other Tobacco Products (OTP) License for a physical location that does not expire this year, but I will need the Vapor Products License for the location. Do I need to pay the license tax?
- Question 13: What are the reporting requirements for an Other Tobacco Products (OTP) License and a Vapor Products License?
- Question 14: I have an Other Tobacco Products (OTP) License that expires June 30, 2024. I only make, receive, or store non-excise-tax-paid vapor products. What do I need to do?
- Question 15: I have an Other Tobacco Products (OTP) License that will expire June 30, 2024. I only make, receive, or store non-excise-tax-paid tobacco products other than cigarettes or vapor products. What do I need to do?
- Question 16: I have an Other Tobacco Products (OTP) License that expires on June 30, 2024, and I make, receive, or store both: (1) non-excise-tax-paid tobacco products other than cigarettes; and (2) non-excise-tax-paid vapor products. What do I need to do?
- Question 17: I have an Other Tobacco Products (OTP) License for a physical location, but I need a Vapor Products License for a different location. What do I need to do?
- Question 18: Is there a penalty associated with not renewing my Other Tobacco Products (OTP) License or applying for the Vapor Products license prior to July 1, 2024?
- Question 19: What if I have an Other Tobacco Products (OTP) License and want to start selling vapor products before July 1, 2024?
- Question 20: What if I have an Other Tobacco Products (OTP) License and want to begin making, receiving, or storing non-excise-tax-paid vapor products after July 1, 2024?
- Question 21: I currently have an Other Tobacco Products Other Than Cigarettes Surety Bond or an irrevocable letter of credit. I am obtaining a Vapor Products License. Would I need to get an additional bond or irrevocable letter of credit?

Questions (Q) & Answers (A)

Q1:	Who needs the Vapor Products License?
A1:	<p>A Vapor Products License is required at:</p> <ul style="list-style-type: none">• Each location where a wholesale dealer makes vapor products;• Each location where a wholesale dealer or a retail dealer receives or stores non-excise-tax-paid vapor products; and• Each location from where a retail dealer that is a delivery seller receives or stores non-excise-tax-paid vapor products for delivery sales.

Q2:	How do I apply for a Vapor Products License?
A2:	<p>The procedure for applying for a Vapor Products License depends on whether you have an Other Tobacco Products (OTP) License for the physical location and apply for a Vapor Products License on or before June 30, 2024.</p> <p><u>Current Other Tobacco Products Licensees</u></p> <p>If you have an active Other Tobacco Products (OTP) License for a physical location and apply for a Vapor Products License for that location on or before June 30, 2024, you must submit the B-A-2R Tobacco License Renewal Application. A license tax is not required if the renewal application is submitted on or before June 30, 2024.</p> <p><u>Current Other Tobacco Products Licensees (Apply after June 30, 2024)</u></p> <p>If you have an active Other Tobacco Products (OTP) License, and apply for a Vapor Products License after June 30, 2024, you must submit Form B-A-2 Application or Update to an Existing Application for Cigarette Distributor’s License, Other Tobacco Products License, and Vapor Products License. You must also include the license tax for each physical location with Form B-A-2.</p> <p><u>New Applicants</u></p> <p>If you do not have an active Other Tobacco Products (OTP) License for the physical location for which you are seeking a Vapor Products License, you must submit NC Form B-A-2 Application or Update to an Existing Application for Cigarette Distributor’s License, Other Tobacco Products License, and Vapor Products License. You must also include the license tax for each physical location with Form B-A-2.</p>

Q3:	A Vapor Products License is required for locations where a wholesale dealer or a retail dealer receives or stores non-excise-tax-paid vapor products. How does a wholesale dealer or retailer know if the excise tax has been paid on vapor products?
A3:	<p>To determine whether the excise has been paid on vapor products, the wholesale dealer or retailer dealer must review the invoice. If the excise tax has been paid, this will be indicated on the invoice, and include a statement such as the following: “North Carolina Tobacco Products Tax Paid.”</p> <p>Note: A Vapor Products License is not required if a wholesale dealer or retail dealer is receiving or storing excise-tax-paid vapor products.</p>

Q4:	Who must obtain an Other Tobacco Products (OTP) License?
A4:	<p>An Other Tobacco Products License remains required under the law. It must be obtained for all the following locations:</p> <ul style="list-style-type: none"> • Each location where a wholesale dealer makes tobacco products other than cigarettes or vapor products. • Each location where a wholesale dealer or a retail dealer receives or stores non-excise-tax-paid tobacco products other than cigarettes or vapor products. • Each location from where a retail dealer that is a delivery seller or remote seller receives or stores non-excise-tax-paid tobacco products for delivery sales or remote sales of tobacco products other than cigarettes or vapor products.

Q5:	How does a licensee cancel a license?
A5:	<p>To cancel a tobacco license, the licensee must submit a written request with the effective date of license cancellation and must return the original license to the Secretary. If the original license cannot be returned, the licensee must include a written statement of the reason why the license cannot be returned. The licensee will be notified when the license is canceled. Return the original license with the written request to:</p> <p style="text-align: center;">North Carolina Department of Revenue, Excise Tax Division Attention: License and Bonding Unit 3301 Terminal Drive, Suite 125 Raleigh, North Carolina 27604</p>

Q6:	I renewed my Other Tobacco Products (OTP) License in 2023, do I need to apply for a Vapor Products license?
A6:	A Vapor Products License is a new statutory requirement as of July 1, 2024, and is independent from an Other Tobacco Products (OTP) License.

Q7:	I currently have an Other Tobacco Products (OTP) License and receive or store non-excise-tax-paid vapor products. Do I need to get a Vapor Products License?
A7:	Yes, you must obtain a Vapor Products License. Complete and submit the B-A-2R Tobacco License Renewal Application. You must submit the form prior to June 30, 2024, to remain compliant with the licensing requirements. See Question and Answer #2 for additional information.

Q8:	I currently have an Other Tobacco Products (OTP) License and do not receive, store, or manufacture non-excise-tax-paid vapor products. Do I need to get a Vapor Products License?
A8:	No, if you do not: (1) store non-excise-tax-paid vapor products; (2) receive non-excise-tax-paid vapor products; or (3) manufacture vapor products, you are not required to obtain a Vapor Products License.

Q9:	I currently have an Other Tobacco Products (OTP) License and will be required to have a Vapor Products License on July 1, 2024. However, I failed to apply for a Vapor Products License before July 1, 2024, what do I need to do?
A9:	You must submit NC Form B-A-2 Application or Update to an Existing Application for Cigarette Distributor's License, Other Tobacco Products License, and Vapor Products License for each physical location described in Question and Answer #1. You must also include the license tax for each physical location with Form B-A-2.

Q10:	I currently have an Other Tobacco Products (OTP) License and only receive or store non-excise-tax-paid vapor products. What should I do with the Other Tobacco Products (OTP) License?
A10:	The Department recommends that you cancel the Other Tobacco Products (OTP) License. Note that you must maintain your Other Tobacco Products (OTP) License through June 30, 2024. Please see Question and Answer #5 for additional information on how to cancel a license.

Q11:	If I keep my Other Tobacco Products (OTP) License, what returns am I responsible for filing?
A11:	If you keep your Other Tobacco Products (OTP) License you must continue to file the monthly excise tax return, B-A-101 Monthly Other Tobacco Products Excise Tax Return, even when there is no activity for the month. Failure to file returns may result in revocation of both your Other Tobacco Products (OTP) License and your Vapor Products License.

Q12:	I have an Other Tobacco Products (OTP) License for a physical location that does not expire this year, but I will need the Vapor Products License for the location. Do I need to pay the license tax?
A12:	If you apply for the Vapor Products License for the location prior to June 30, 2024, you will not need to pay the license tax.

Q13:	What are the reporting requirements for an Other Tobacco Products (OTP) License and a Vapor Products License?
A13:	<p>If you hold an Other Tobacco Products (OTP) License you must file Form B-A-101 Monthly Other Tobacco Products Excise Tax Return, even if there is no activity for the month.</p> <p>If you hold a Vapor Products License you must file Form B-A-102 Monthly Vapor Products Excise Tax Return, even if there is no activity for the month.</p> <p>If you hold both licenses then you must file both returns, even if you had no activity for the month.</p> <p>Failure to file returns may result in revocation of both your Other Tobacco Products (OTP) License and your Vapor Products License.</p>

Q14:	I have an Other Tobacco Products (OTP) License that expires June 30, 2024. I only make, receive, or store non-excise-tax-paid vapor products. What do I need to do?
A14:	You must obtain a Vapor Products License and must complete and submit Form B-A-2R Tobacco License Renewal Application on or before June 30, 2024.

Q15:	I have an Other Tobacco Products (OTP) License that will expire June 30, 2024. I only make, receive, or store non-excise-tax-paid tobacco products other than cigarettes or vapor products. What do I need to do?
A15:	You must renew your Other Tobacco Products (OTP) License on or before June 30, 2024, and may renew by completing and submitting Form B-A-2R Tobacco License Renewal Application. You are not required to obtain a Vapor Products License.

Q16:	I have an Other Tobacco Products (OTP) License that expires on June 30, 2024, and I make, receive, or store both: (1) non-excise-tax-paid tobacco products other than cigarettes; and (2) non-excise-tax-paid vapor products. What do I need to do?
A16:	You must file NC Form B-A-2R Tobacco License Renewal Application prior to June 30, 2024, and request both licenses for the same physical location.

Q17:	I have an Other Tobacco Products (OTP) License for a physical location, but I need a Vapor Products License for a different location. What do I need to do?
A17:	For each new location in which a licensee does not have an Other Tobacco Products (OTP) License, the licensee must obtain a Vapor Products License by completing and submitting Form B-A-2 Application or Update to an Existing Application for Cigarette Distributor’s License, Other Tobacco Products License, and Vapor Products License. You must also include the license tax for each new physical location with Form B-A-2.

Q18:	Is there a penalty associated with not renewing my Other Tobacco Products (OTP) License or applying for the Vapor Products license prior to July 1, 2024?
A18:	If you make, receive, or store non-excise-tax-paid tobacco products and did not apply for the required licenses, you may be subject to \$1,000 civil penalty for failure to obtain a license. Further, a person is subject to criminal prosecution (Class 1 misdemeanor) for failure to obtain a license required by Article 2A of Chapter 105 of the North Carolina General Statutes.

Q19:	What if I have an Other Tobacco Products (OTP) License and want to start selling vapor products before July 1, 2024?
A19:	Your current Other Tobacco Products (OTP) License is valid for making, receiving, or storing, non-tax-paid vapor products until June 30, 2024.

Q20:	What if I have an Other Tobacco Products (OTP) License and want to begin making, receiving, or storing non-excise-tax-paid vapor products after July 1, 2024?
A20:	You must submit NC Form B-A-2 Application or Update to an Existing Application for Cigarette Distributor’s License, Other Tobacco Products License, and Vapor Products License. You must also include the license tax for each physical location with Form B-A-2.

Q21:	I currently have an Other Tobacco Products Other Than Cigarettes Surety Bond or an irrevocable letter of credit. I am obtaining a Vapor Products License. Would I need to get an additional bond or irrevocable letter of credit?
A21:	<p>No, one bond or irrevocable letter of credit is sufficient for both license types. You may (but are not required to) obtain a separate bond or irrevocable letter of credit.</p> <p>Note that the Department periodically reviews the sufficiency of bonds or irrevocable letter of credits and may require changes to the amounts based on the licensee’s monthly tax liability.</p>

Assistance and Advisement

Questions regarding this notice may be directed to the Excise Tax Division at telephone number (919) 707-7500 or toll free (877) 308-9092. Select menu option “7” and then menu option “2” to be connected with the Licensing and Bonding Unit. You may also contact the Department at the following e-mail address: tobaccorenewals@ncdor.gov.

To the extent there is any change in the rate or amount of tax, change to a statute or regulation, or new case law after the date of this document, the provisions in this document may be superseded or voided. If a written response would require the Department to interpret the law in a manner not specifically addressed in a statute, regulation, or Departmental or IRS publication, the person requesting the written response must follow the procedure (and pay the required fee) for requesting a private letter ruling available on the Department’s website at the following address: ncdor.gov/documents/nc-481-request-written-determination.