**Section 660.24 Books and Records; Invoices – Retailers**

a) Every *retailer, as defined in Section 10-5* of the Act*, whether or not the retailer has obtained a retailer's license pursuant to Section 4g, shall keep complete and accurate records of tobacco products held, purchased, sold, or otherwise disposed of, and shall preserve and keep all invoices, bills of lading, sales records, and copies of bills of sale, returns and other pertinent papers and documents relating to the purchase, sale, or disposition of tobacco products.*

1) *The books and records need not be maintained on the licensed premises, but must be maintained in the State of Illinois. However, all original invoices or copies of those invoices covering purchases of tobacco products must be retained on the licensed premises for a period of 90 days after purchase, unless the Department has granted a waiver in response to a written request in cases in which records are kept at a central business location within the State of Illinois.* [35 ILCS 143/10-35(b)] Prior to removing the books and records from the licensed premises, the retailer shall notify the Department that the books and records will be kept at another location in Illinois and shall identify the location. Under those circumstances, books and records may be kept at that location in Illinois, but the taxpayer shall, within a reasonable time after notification by the Department, make all pertinent books, records, papers and documents available at some point within Illinois for the purpose of inspection and audit as the Department may deem necessary.

2) *Books and records may be maintained out of state if access is available electronically. However, all original invoices or copies of those invoices covering purchases of tobacco products must be retained on the licensed premises for a period of 90 days after purchase, unless the Department has granted a waiver in response to a written request in cases in which records that are available electronically are maintained out of state.* [35 ILCS 143/10-35(b)]

3) The Department will grant a written waiver under subsections (a)(1) and (2) when the following requirements are met by the retailer:

A) The retailer submits a letter to the Department containing:

i) the retailer's license number and FEIN;

ii) the address or addresses of the licensed premises where records are currently maintained;

iii) the address of the out-of-state location where the retailer intends to maintain the records;

iv) an explanation of the process and system that will enable the Department or its duly authorized employees to electronically access the records from the licensed premises on demand; and

v) an acknowledgement by the retailer that the Department, upon 30 days written notice, may revoke the waiver of the retailer for one or more licensed premises if the retailer:

● fails to provide electronic access in accordance with the requirements of the written waiver;

● transfers or sells the licensed premises to another person; or

● changes the process or system for providing access to the records electronically.

B) For books and records maintained out of state, the Department is given access electronically to accurate records of tobacco products held, purchased, sold or otherwise disposed of; invoices; bills of lading; sales records; and copies of bills of sale, returns and other pertinent papers and documents relating to the purchase, sale or disposition of tobacco products kept at the licensed premises in the normal course of business at the time of the request.

C) For books and records maintained out of state, the Department has tested the process and system from the licensed premises and verified that the Department and its duly authorized employees have access electronically to the required records from the licensed premises on demand.

b) *Books, records, papers, and documents that are required by the Act to be kept shall, at all times during the usual business hours of the day, be subject to inspection by the Department or its duly authorized agents and employees. The books, records, papers, and documents for any period with respect to which the Department is authorized to issue a notice of tax liability shall be preserved until the expiration of that period.* [5 ILCS 143/10-35(c)]

c) *Whenever any retailer obtains tobacco products from an unlicensed in-state or out-of-state distributor or person, a prima facie presumption shall arise that the tax imposed by the Act on those tobacco products has not been paid in violation of the Act. Invoices or other documents kept in the normal course of business in the possession of a person reflecting purchases of tobacco products from an unlicensed in-state or out-of-state distributor or person or invoices or other documents kept in the normal course of business obtained by the Department from in-state or out-of-state distributors or persons, are sufficient to raise the presumption that the tax imposed by the Act has not been paid. If a presumption is raised, the Department may assess tax, penalty, and interest on the tobacco products.* [35 ILCS 143/10-38]

d) *Every retailer who purchases tobacco products for resale for shipment into Illinois from a point outside Illinois shall procure invoices in duplicate covering each shipment and shall make the invoices available for inspection upon demand by a duly authorized employee of the Department, and shall, if the Department so requires, furnish one copy of each invoice to the Department at the time of filing the return required by the Act.* [35 ILCS 143/10-40]

e) Every retailer who purchases rolls, made wholly or in part of tobacco, when those rolls have an integrated cellulose acetate filter and a wrapper or cover that is made in whole or in part of tobacco and the rolls are contained in packages of 20 or 25, shall procure an invoice from the seller that states whether the rolls weigh less than 4 pounds per thousand or weigh 4 pounds or more per thousand. If a person fails to produce an invoice for inspection by the Department upon request that states whether the rolls weigh less than 4 pounds per thousand or weigh 4 pounds or more per thousand, a prima facie presumption shall arise that the rolls weigh less than 4 pounds per thousand. If the rolls do not contain a tax stamp in accordance with Section 10-10 of the Act, the rolls are contraband and subject to seizure and forfeiture.

f) *The Department may, after notice and a hearing, revoke, cancel, or suspend the license of any retailer who fails to keep books and records as required under the Act, fails to make books and records available for inspection upon demand by a duly authorized employee of the Department, or violates this Section. The notice shall specify the alleged violation or violations upon which the revocation, cancellation, or suspension proceeding is based.* [35 ILCS 143/10-25] Any retailer aggrieved by any decision of the Department under this Section may, within 20 days after notice of the decision, protest and request a hearing. Upon receiving a request for a hearing, the Department shall give notice in writing to the retailer requesting the hearing that contains a statement of the charges preferred against the retailer and that states the time and place fixed for the hearing. The Department shall hold the hearing in conformity with the provisions of the Act and then issue its final administrative decision in the matter to the retailer. In the absence of a protest and request for a hearing within 20 days, the Department's decision shall become final without any further determination being made or notice given.

(Source: Amended at 43 Ill. Reg. 8923, effective July 30, 2019)