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This bulletin is written to inform you of recent changes; it does not replace statutes, rules and regulations, or court decisions.

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Changes to the Tobacco Products Tax

To: Tobacco Products Tax Accounts

Public Act (P.A.) 104-0006 makes several changes for Tobacco Products.

Effective **July 1, 2025**:

- a uniform tax rate is established for tobacco products sold or otherwise disposed of to retailers or consumers located in Illinois. Moist snuff will no longer be taxed based on weight;
- the tax rate of the wholesale price of tobacco products sold or otherwise disposed of to retailers or consumers located in Illinois increases;
- the tobacco products definition is updated to include new products with certain exceptions; and
- the annual Tobacco Retailer License fee for retailers of tobacco products will increase.

Effective **January 1, 2026**:

- the electronic filing exception is eliminated, requiring all returns to be electronically filed.

This bulletin also contains a reminder about Illinois Tobacco Uniformity that is not part of the changes made in P.A. 104-0006.

What is the new tobacco products tax rate?

Beginning July 1, 2025, the tax imposed on the wholesale price of tobacco products, including moist snuff and electronic cigarettes, sold or otherwise disposed of to retailers or consumers located in Illinois, is 45 percent. This new tax rate applies beginning with the July 2025 return, which is due August 15, 2025.

Will this change the way I report Other Tobacco Products or Electronic Cigarettes on my monthly return?

No. You will continue to report all transactions, purchases and sales, of products which qualify as other tobacco products and electronic cigarettes on Form TP-1, Uniform Tobacco Products Tax Return, and Form TP-1-IL, Uniform Tobacco Transaction Schedule, as you have in the past. The tax amount due will be calculated using the new tax rate.

Will this change the way I report Moist Snuff on my monthly return?

Yes. After July 1, 2025, the tax on moist snuff will be assessed on the wholesale price. Prior to July 1, 2025, the tax on moist snuff was assessed on the weight of the product. When reporting moist snuff transactions, both purchases and sales, you will be required to enter the wholesale price in the "Value" field of the transaction schedules. The tax amount due will be calculated using the new tax rate.

The weight in ounces of the moist snuff can still be reported in the "Weight/Volume" field, but that information will not be required.

Will this change the "Federal" and "State" Descriptions I enter on the transactions I report on Form TP-1-IL, Uniform Tobacco Transaction Schedule?

No. Though the tax rate will be the same for all tobacco products, you still must identify the different products using the "Federal" and "State" Description fields on the transaction schedule.

What is the updated definition of tobacco products?

"Tobacco products" means **any product that is made from or derived from tobacco that is intended for human consumption or is likely to be consumed, including but not limited to:**

- cigars, including little cigars;
- cheroots;
- stogies;
- periques;
- granulated, plug cut, crimp cut, ready rubbed, and other smoking tobacco;
- snuff (including moist snuff) and snuff flour;
- cavendish;

- plug and twist tobacco;
- fine-cut and other chewing tobaccos;
- shorts;
- refuse scraps, clippings, cuttings, and sweeping of tobacco;
- **snus;**
- **shisha and tobacco for use in waterpipes;** and
- other kinds and forms of tobacco, prepared in such manner as to be suitable for chewing or smoking in a pipe or otherwise, or both for chewing and smoking **or for inhalation, absorption, or ingesting by any other means;** but does not include cigarettes as defined in Section 1 of the Cigarette Tax Act or tobacco purchased for the manufacture of cigarettes by cigarette distributors and manufacturers defined in the Cigarette Tax Act and persons who make, manufacture, or fabricate cigarettes as a part of a Correctional Industries program for sale to residents incarcerated in penal institutions or resident patients of a State operated mental health facility.

Note: Words in bold font above have been added to the current definition of tobacco products.

Beginning **July 1, 2025**, “tobacco products” also

- **includes** any product that is made from or derived from tobacco, or that contains nicotine whether natural or synthetic that is intended for human consumption or is likely to be consumed, including but not limited to nicotine pouches, lozenges, and gum; and other kinds and forms of nicotine prepared in such manner as to be suitable for chewing or smoking in a pipe or otherwise, or both for chewing and smoking or for inhalation, absorption, or ingesting by any other means.
- **does not include** any product that has been approved by the United States Food and Drug Administration for sale as a tobacco or smoking cessation product, a nicotine replacement therapy product, or for other medical purposes where that product is marketed and sold solely for such approved use, including but not limited to spray or inhaler prescribed by a physician, chewing gum, skin patches, or lozenges.

What is the increased Tobacco Retailer License fee?

Beginning with new applications or renewals submitted on or after July 1, 2025, the annual license fee will increase from \$75 to \$150 for each location where you will sell tobacco products at retail.

What does the elimination of the electronic filing exception mean?

Taxpayers are mandated to file Form TP-1 along with Form TP-1-IL electronically using MyTax Illinois at mytax.illinois.gov, or using a direct transmission method through software you develop or

purchase from a third-party vendor. IDOR will no longer grant exceptions for taxpayers to file Form TP-1 and Form TP-1-IL on paper.

What if I need to register for or update a Tobacco Products Tax Account?

You must register for a Tobacco Products Tax Account if you are engaged in the business as a distributor of tobacco products (other than cigarettes), including cigars; cheroots; stogies; periques; granulated, plug-cut, crimp-cut, ready-rubbed and other smoking tobacco; snuff or snuff flour; cavendish; plug and twist tobacco; fine-cut and other chewing tobaccos; refuse scraps, clippings, cuttings and sweepings of tobacco; snus; shisha and tobacco for use in waterpipes; other kinds and forms of tobacco suitable for chewing or smoking or for inhalation, absorption, or ingesting by any other means; electronic cigarettes; and any product that contains nicotine whether natural or synthetic, that is intended for human consumption or is likely to be consumed, including but not limited to nicotine pouches, lozenges, and gum.

Register with IDOR electronically using MyTax Illinois at mytax.illinois.gov or submit a paper [Form REG-1, Illinois Business Registration Application](#).

If you need to update your Tobacco Products Tax Account, send us a completed [Form REG-3-C, Business Information Update](#), or use MyTax Illinois to update your account.

What if I am selling the newly added nicotine products?

If you are selling tobacco products, including the newly added nicotine products, at retail, and you are purchasing tobacco products from a licensed Illinois distributor, you will not need to register as a Tobacco Products Distributor in Illinois. The licensed distributor you purchase from is responsible for reporting and remitting the tobacco products tax on these transactions.

If you are selling tobacco products at retail and you are **not** purchasing tobacco products from a licensed Illinois distributor, you will need to register as a Tobacco Products Distributor in Illinois. You will be responsible for reporting and remitting the tobacco products tax on these transactions.

If you are selling tobacco products at retail, regardless of who you are purchasing tobacco products from, you will need to register for an Illinois retailer license. You will need a "Tobacco Products Retailer" license if you will never sell cigarettes or a "Cigarette and Tobacco Products Retailer" license if you also sell cigarettes. You must register online at MyTax Illinois. There is an annual fee per retail location.

Where do I find more information?

Visit our website at tax.illinois.gov for form instructions and detailed tobacco products tax information.

Tobacco Uniformity

Reminder: In January 2025, Illinois' Tobacco Uniformity Project established a new

return and replaced several schedules with one template and eight schedule codes to report transactions of all products received and disbursed. The monthly return requires an accounting of all tobacco products received and disbursed by selecting the appropriate schedule codes and completing specific fields for detailed transaction reporting. Details for each required field are explained in the Form TP-1-IL instructions.

Illinois Tobacco Uniformity utilizes the base framework developed by the Federation of Tax Administrators (FTA) to streamline electronic filing standards for all stakeholders and create uniformity within taxing jurisdictions. More details are available on the Tobacco Uniformity Project webpage at tax.illinois.gov.