

Defining tobacco products

Revenue Ruling BF.006

Preamble

The State Revenue Office is frequently asked to give advice as to which products are considered to be tobacco when calculating the licence fees payable under the *Business Franchise (Tobacco) Act 1974* (the Act).

In particular, questions about the liability for tobacco licence fees arise when tobacco merchants are selling or purchasing chewing tobacco, snuff and other specialised tobacco products.

The State Revenue Office interpretation relies on the provisions of section 2 of the Act.

Ruling

For the purposes of calculating licences fees, tobacco is any part of the tobacco plant prepared for consumption, and any mixture containing tobacco intended for consumption. Any wrapping, package or container in which the tobacco was sold, purchased, received or handled is also considered to be tobacco prepared for consumption. Consumption includes smoking, inhaling, chewing, or sucking.

Therefore cigars, cigarillos, pipe tobacco, 'roll-your-own' tobacco, snuff, chewing tobacco, 'smokefree' tobacco, beadies and herbal cigarettes with tobacco contained in them must be treated as tobacco for the purposes of the Act. However nicotine impregnated patches, tablets and gum are not considered to be tobacco in this context.

When calculating the licence fee, the cost of the packaging material surrounding tobacco products may not be separated from the tobacco leaf element. Unusual containers, such as expensive ornamental cigar boxes, must be included unless the State Revenue Office authorises otherwise.

Please note that rulings do not have the force of law. Each decision made by the State Revenue Office is made on the merits of each individual case having regard to any relevant ruling. All rulings must be read subject to Revenue Ruling GEN.01.

Denzil Griffiths

Commissioner of State Revenue

30 April 1996

