



Important Notice

August 2003

Computation of Sales Tax on Cigarettes Sold Within the City of New York

On May 15, 2003, Chapter 62 of the Laws of 2003 was signed into law. This act amends section 1111 of the Tax Law to include the city of New York excise tax on cigarettes (\$1.50 on a pack of 20 cigarettes) in the receipt subject to the New York State and local sales tax on and after September 1, 2003.

Effective September 1, 2003, to calculate the correct amount of sales tax due on receipts from the sale of cigarettes within the city of New York, the amount of the city excise tax (\$15.00 per carton, \$1.50 per pack) may no longer be subtracted from the retail selling price of the cigarettes before the sales tax (8⁵/₈% in the city of New York) is computed.

Example:

	<u>Carton</u>	<u>Pack</u>
Retail selling price of cigarette <i>(including NYC excise tax but excluding sales tax)</i>	\$ 64.28	\$ 6.43
Combined state and city sales tax rate	<u>.08625</u>	<u>.08625</u>
Amount of sales tax due	\$ 5.54	\$.55
Total selling price to the consumer <i>(retail selling price plus sales tax)</i>	\$ 69.82	\$ 6.98