



Important Notice Regarding Prepaid Sales Tax on Cigarettes

Effective June 1, 2009, the sales tax rate to be used in determining the amount of prepaid sales tax on cigarettes will increase from 7% to 8%. Therefore, beginning June 1, 2009, the amount of prepaid sales tax on cigarettes is as follows:

42¢ on packages of 20 cigarettes
53¢ on packages of 25 cigarettes

Cigarette agents and other wholesalers of cigarettes

No floor tax is due on any inventory of stamps or packages of stamped cigarettes acquired before June 1, 2009. As you make sales, pass through only the amount of prepaid tax that you were required to pay. Form ST-133, *Certificate of Prepayment of Sales Tax on Cigarettes*, or other certification issued on or after June 1, 2009, should reflect the prepaid sales tax actually paid by, or passed through to, the seller.

Retailers of cigarettes

As of June 1, 2009, the prepaid sales tax increases to 42¢ on packages of 20 cigarettes, and to 53¢ on packages of 25 cigarettes. Agents and wholesalers selling cigarettes on which they prepaid tax at the old rate will only pass through the tax at the old rate; when selling cigarettes on which they prepaid tax at the new rate, they will pass through the tax at the new rate. A retailer must substantiate credits taken for prepaid tax paid on cigarettes sold to the final customer. Retain for your records either a properly completed Form ST-133, *Certificate of Prepayment of Sales Tax on Cigarettes*, or a supplier's invoice that incorporates all of the information on Form ST-133.

Sales tax prepayments were determined using the base retail sales prices: \$5.287 per 20-pack, and \$1.321 for each additional five cigarettes.

The base retail prices for packages of cigarettes are adjusted annually, effective September 1 of each year. The Tax Department will issue information regarding the next scheduled adjustment to the base retail prices prior to September 1, 2009.

Note: The base retail price of cigarettes used to determine the prepaid sales tax due on a pack of cigarettes does not replace and does not have any impact on the **basic cost of cigarettes** or the **minimum wholesale or retail sales prices** set by the Cigarette Marketing Standards Act

(Article 20-A of the Tax Law). The **minimum wholesale** or **retail sales prices** are affected only when there is a change in either the manufacturer's selling price or the cigarette excise tax (see Publication 508, *Minimum Price List for Cigarettes*, for additional information).

NOTE: An Important Notice is generally issued to announce a singular event, such as an update to a previously issued tax form or instruction, or to announce a new due date for filing returns and making payments of tax because of a natural disaster. The Department does not revise previously issued N-Notices.