



Prepaid Sales Tax Rate Change for Cigarettes

The prepaid sales tax rate on cigarettes is increasing as follows for the period September 1, 2020, through August 31, 2021:

Pack size	Rate increase	New prepaid sales tax rate
20 cigarettes	\$0.03	\$0.91
25 cigarettes	\$0.03	\$1.13

The increase is based on our annual review of manufacturers' list prices, as determined by the Commissioner pursuant to Tax Law §1111(j)(2). The base retail sales prices effective September 1, 2020, are \$11.327 for a pack of 20 cigarettes and \$2.829 for each additional five cigarettes.¹

What rate do I pass through?

Cigarette agents or other wholesalers of cigarettes must charge their customers the exact amount of tax they already prepaid on the cigarettes being sold. If the agents or wholesalers paid tax at the prepaid rate applicable before September 1, 2020, they must pass through the tax at that rate. If the agents or wholesalers paid the new prepaid rate, they must pass through the tax at the new rate.

Record keeping

When sellers pass through the prepaid sales tax, they must provide the purchasers with [Form ST-133](#), *Certificate of Prepayment of Sales Tax on Cigarettes*, or an invoice that incorporates all the information on this form. The purchasers must keep records of this information to support all credits they claim on their sales tax return for prepaid tax paid on cigarettes sold to the final customer.

Note: An N-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.

¹ The base retail price of cigarettes does not replace, and does not have any impact on, the cost of cigarettes or on the minimum wholesale or retail sales prices set by the Cigarette Marketing Standards Act (Tax Law Article 20-A). For more information on minimum wholesale or retail sales prices, see [Publication 508](#), *Minimum Price List for Cigarettes*, and [Publication 509](#), *Minimum Wholesale and Retail Cigarette Prices*