

**New York State Department of Taxation and Finance
Taxpayer Services Division
Technical Services Bureau**

TSB-M-82(11)M
Cigarette Tax
August 16, 1982

Subject: Amendment to Cigarette Tax Regulations
Credit Bonding Requirements

On May 19, 1982 the State Tax Commission passed an amendment to the Cigarette Tax Regulations relating to bonds and credit applications.

The amendment requires that any unsecured credit in existence on June 30, 1982 be secured at the rate of two and one-half percent per month over a forty month period beginning with July 1, 1982. The purpose of the amendment is to secure all credit by the end of the forty month period.

If an agent has unsecured credit and wishes to maintain his current credit level after July 1, 1982, the unsecured portion must be secured at the rate of two and one-half percent beginning with July, 1982. He must submit a new bond, a bond rider of increase or some other acceptable form of security to be effective on the first day of each month. A larger form of security to satisfy several months requirements may be submitted rather than submitting smaller ones each month. Otherwise, his credit limit will be reduced by two and one-half percent of the unsecured amount the first day of each month beginning July 1, 1982 unless a credit bond or other security is filed.

Since the purpose of the amendment is to secure all credit, requests for increase in credit received during the transition period from agents who have some unsecured credit will be considered only under the following circumstances:

1. The amount of the requested increase must be fully insured.
2. In addition, an acceptable form of security must be tendered equal to at least 50% of the unsecured credit in existence at the time of the requested increase.