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## **Important Notice**

June 20, 2002

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### **Attention Distributors of Tobacco Products**

As a distributor of tobacco products you ordinarily file Form MT-203, *Distributor of Tobacco Products Tax Return*, on a monthly basis and pay the excise tax due on tobacco products that you manufactured in New York, purchased in the state, imported into the state, received gratuitously, or otherwise acquired during each calendar month.

Recently passed legislation increasing the rate of the tobacco products tax from 20% to 37% of the wholesale price of these products will be effective on July 2, 2002. The legislation requires a physical inventory of the stock on hand as of the close of business July 1, 2002, and payment of a floor tax of 17% of the wholesale price of the stock. The 17% represents the difference between the old 20% rate of tax and the new 37% rate of tax on the wholesale price of the inventory.

Because the tax rate increase occurs on July 2<sup>nd</sup> not July 1<sup>st</sup>, any tobacco products manufactured, purchased, imported or otherwise acquired on July 1, 2002, should be included on your June 2002 return. Your June 2002 return will cover the period from June 1, 2002, through and including July 1, 2002. Your July return will cover the period July 2, 2002, through and including July 31, 2002.

If you have any questions regarding the tobacco products tax increase or the floor tax, please refer to Important Notice N-02-14, *Notice of Increase in New York State Tobacco Products Tax Rate and Floor Tax Due*.