



Important Notice

Important Notice Regarding Prepaid Sales Tax on Cigarettes

For the period September 1, 2003, through August 31, 2004, the amount of the prepaid sales tax on cigarettes is as follows:

- 19¢ on packages of 10 cigarettes
- 37¢ on packages of 20 cigarettes
- 47¢ 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 September 1, 2003. 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 September 1, 2003, should reflect the prepaid sales tax actually paid by, or passed through to, the seller.

Retailers of cigarettes

As of September 1, 2003, the prepaid sales tax increases from 17¢ to 19¢ on packages of 10 cigarettes, from 34¢ to 37¢ on packages of 20 cigarettes, and from 42¢ to 47¢ 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: \$2.580 per 10-pack, \$5.161 per 20-pack, and \$1.290 for each additional five cigarettes.

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 price** 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).