

B-A-101 Instructions Monthly Other Tobacco Products Excise Tax Return (Excluding Vapor and Alternative Nicotine Products)

General Instructions

Form B-A-101, Monthly Other Tobacco Products Excise Tax Return (Excluding Vapor and Alternative Nicotine Products) is required to be filed by wholesale dealers and retail dealers who first acquire, receive, or handle tobacco products other than cigarettes, vapor products, and alternative nicotine products, in this State. Transactions for vapor and alternative nicotine products must be reported on Form B-A-102, Monthly Vapor and Alternative Nicotine Products Excise Tax Return.

Complete all information at the top of Form B-A-101 including Application for Period, Legal Name (first 35 characters), Trade Name, Physical Address (*As Shown on Tobacco License*), City, State, Zip Code, State of Domicile, FEIN or SSN, NCDOR ID number for the place of business, Contact Person, Phone Number, and Fax Number.

This return and payment (if applicable) are due on or before the 20th day of the month following the month in which the sales and other activities occur. A return must be filed even if no tax is due. A return is filed when it is received by the Department or postmarked by the due date. If the due date falls on a Saturday, Sunday, or state holiday, the return and payment must be received by the department or must be postmarked on the next business day. This also applies to returns when no tax is due.

If the return and full payment are not submitted timely, the discount deduction will be disallowed. A failure to file penalty will be assessed when returns are not received by the due date of the return, based upon the amount of tax due on the return. A penalty of five percent (5%) per month (up to twenty-five percent (25%) maximum), will be assessed for each month the return is late. A failure to pay penalty of five percent (5%) of the amount of tax due and not paid will be assessed when the payment is not received by the due date of the return. In addition, interest will be charged at a daily rate from the date the tax is due until the date the tax is paid. The interest rate is subject to change every six months; therefore, the rates should be verified on the Department's website at the following address: ncdor.gov.

Amended Returns: Prior period adjustments are not allowed on current returns. If you must amend a previously filed Form B-A-101 Monthly Other Tobacco Products Excise Tax Return (Excluding Vapor and Alternative Nicotine Products), you must file a new Form B-A-101 showing the corrected amounts for the amended period. Documentation to support changes must be provided when amending a return. Additionally, you must also mark the return as amended by filling in the circle indicating an amended return.

Invoicing Requirements: Sales invoices of wholesale dealers and retail dealers, whether resident or nonresident, liable for the tax shall indicate payment of the excise tax on tobacco products by the wording "North Carolina Tobacco Products Tax Paid." All sales invoices of wholesale dealers and retail dealers shall show the point of origin and mode of transportation for all shipments into this State.

Cost Price: The actual price paid by the person liable for the tax, before any discount, rebate, or allowance, for an item identified as a stock keeping unit by a unique code or identifier representing the item that is subject to the tax imposed.

Schedule A. Computation of Excise Tax Due for Other Tobacco Products (Excluding Vapor and Alternative Nicotine Products)

Line 1. Excise Tax Due on Cigars Subject to \$0.30 Cap

Enter the result from Schedule B, Line 7.

Line 2. Excise Tax Due on Snuff

Enter the result from Schedule C, Line 7.

Line 3. Excise Tax Due on Remaining Other Tobacco Products

Enter the result from Schedule D, Line 7.

Line 4. Total Excise Tax Due on All Other Tobacco Products

Add Lines 1 through 3. Enter the result.

Line 5. Discount

If return is filed timely with full payment, multiply Line 4 by 2%; otherwise enter zero.

A wholesale dealer or a retail dealer who is primarily liable for the excise taxes imposed who files a timely report with full payment may deduct a discount of two percent (2%). This discount covers expenses incurred in preparing the records, reports, and the expense of furnishing a bond.

Line 6. Total Excise Tax Due

Line 4 minus Line 5. Enter the result.

Line 7. Penalty

Payment of the Failure to File Penalty is required with any return filed after the date the return is due. If this return is late, the penalty is 5% per month or any fraction thereof, with a maximum of 25% of the tax that is due.

Payment of the Failure to Pay Penalty is required with any payment received after the date the return is due. If the payment is late, the penalty is 5% of the tax that is due.

Line 8. Interest

Payment of interest is required when payment on any return, with tax due, is late. The interest rate is subject to change every six months; therefore, you should verify the rate on the Department's website at the following address: ncdor.gov.

Line 9. Total Payment Due

Add Lines 6 through 8. Enter the result.

This is the amount due to be paid with the return. Your payment should equal the amount on Line 9 of the return. Make checks or money orders payable to the North Carolina Department of Revenue and include your NCDOR ID number on your check or money order. **Any payment must be drawn on a U.S. (domestic) bank and payable in U.S. dollars.**

Schedule B. Schedule for Cigars Subject to \$0.30 Cap *(Schedule must be attached)*

This schedule includes all cigars for which 12.8% of the cost price is **more than** \$0.30 each. Include cigars for which 12.8% of the cost price is **less than** \$0.30 each on Schedule D.

Line 1. Total Number of Cigars Sold/Purchased During the Month

Enter the total number of non-tax-paid individual cigars sold/purchased. Attach copies of invoices or equivalent information.

Example, a purchase of five boxes of cigars that contain twenty cigars in each box, would result in a total amount of "100" cigars sold/purchased.

Line 2. Cigars Sold Outside North Carolina

Enter the total number of individual cigars sold outside North Carolina during the month. Attach copies of all invoices or equivalent information.

Line 3. Cigars Sold to the Federal Government or Its Instrumentalities

Enter the total number of individual cigars sold to the Federal Government or Its instrumentalities during the month. Attach copies of all invoices or equivalent information.

Line 4. Other Exempt Cigars

The allowable exemptions to be used on this line are:

- Sample cigars, distributed without charge
- A Manufacturer's Option
- Modified risk tobacco products

Manufacturer's Option - A manufacturer who is not a retail dealer and who ships other tobacco products to either a wholesale dealer or a retail dealer licensed under Article 2A, may upon application to the Secretary and upon compliance with requirements prescribed by the Secretary, be relieved of paying the tax on tobacco products imposed by Article 2A, but is not relieved from filing a report.

Modified Risk Tobacco Products - A tobacco product that is sold or distributed for use to reduce harm or the risk of tobacco-related disease associated with commercially marketed tobacco products.

Tax Rate Reduction:

- 50% - for a modified risk tobacco product issued a risk modification order by the United States Food and Drug Administration (FDA) under 21 U.S.C. § 387k(g)(1). Complete and attach Form B-A-MR50, Schedule of Modified Risk Tobacco Products - 50% Risk Modification Order.
- 25% - for a modified risk tobacco product issued an exposure modification order by the FDA under 21 U.S.C. § 387k(g)(2). Complete and attach Form B-A-MR25, Schedule of Modified Risk Tobacco Products - 25% Exposure Modification Order.

The manufacturer must substantiate that a product qualifies as a modified risk tobacco product by providing the Department a copy of the order issued by the United States Food and Drug Administration verifying the product as a modified risk tobacco product. Once the manufacturer provides the order to the Department, the wholesale dealer or retailer dealer may claim the tax rate deduction on the first day of the next calendar month.

Enter the total number of individual cigars for: (1) cigars given as samples; and (2) cigars sold under the Manufacturer's Option during the month. Attach copies of all invoices or equivalent information. For Modified Risk Tobacco Products, enter the Total from Part 1A from the B-A-MR25 Schedule of Modified Risk Tobacco Products - 25% Exposure Modification Order or the B-A-MR50 Form B-A-MR50, Schedule of Modified Risk Tobacco Products - 50% Risk Modification Order.

Line 5. Total Cigars Sold in Exempt Transactions

Add Lines 2 through 4. Enter the result.

Line 6. Total Cigars Sold/Purchased in Taxable Transactions During the Month

Line 1 minus Line 5. Enter the result.

Line 7. Total Excise Tax Due on Cigars Subject to \$0.30 Cap

Multiply Line 6 by \$0.30. Enter the result here and on Schedule A, Line 1.

Schedule C. Schedule for Snuff (*Schedule must be attached*)

NOTE: You must include all fractional parts of an ounce when computing totals.

Line 1. Total Amount of Snuff in Ounces Sold/Purchased During the Month

Enter the total ounces of non-tax-paid snuff sold/purchased during the month.

Line 2. Total Ounces of Snuff Sold Outside North Carolina

Enter the total ounces of snuff sold outside North Carolina during the month. Attach copies of all invoices or equivalent information for verification.

Line 3. Total Ounces of Snuff Sold to the Federal Government or Its Instrumentalities

Enter the total ounces of snuff sold to the Federal Government or Its instrumentalities during the month. Attach copies of all invoices or equivalent information for verification.

Line 4. Other Exempt Ounces of Snuff

The allowable exemptions to be used on this line are:

- Sample snuff, distributed without charge
- A Manufacturer's Option
- Modified risk tobacco products

Manufacturer's Option - A manufacturer who is not a retail dealer and who ships other tobacco products to either a wholesale dealer or a retail dealer licensed under Article 2A, may upon application to the Secretary and upon compliance with requirements prescribed by the Secretary, be relieved of paying the tax on tobacco products imposed by Article 2A, but is not relieved from filing a report.

Modified Risk Tobacco Products - A tobacco product that is sold or distributed for use to reduce harm or the risk of tobacco-related disease associated with commercially marketed tobacco products.

Tax Rate Reduction:

- 50% - for a modified risk tobacco product issued a risk modification order by the United States Food and Drug Administration (FDA) under 21 U.S.C. § 387k(g)(1). Complete and attach Form B-A-MR50, Schedule of Modified Risk Tobacco Products - 50% Risk Modification Order.
- 25% - for a modified risk tobacco product issued an exposure modification order by the FDA under 21 U.S.C. § 387k(g)(2). Complete and attach Form B-A-MR25, Schedule of Modified Risk Tobacco Products - 25% Exposure Modification Order.

The manufacturer must substantiate that a product qualifies as a modified risk tobacco product by providing the Department a copy of the order issued by the United States Food and Drug Administration verifying the product as a modified risk tobacco product. Once the manufacturer provides the order to the Department, the wholesale dealer or retailer dealer may claim the tax rate deduction on the first day of the next calendar month.

Enter the total ounces of snuff for: (1) sample snuff, distributed without charge; and (2) snuff sold under the manufacturer's option during the month. Attach copies of all invoices or equivalent information. For Modified Risk Tobacco Products, enter the Total from Part 1B from the B-A-MR25 Schedule of Modified Risk Tobacco Products - 25% Exposure Modification Order or the B-A-MR50 Form B-A-MR50, Schedule of Modified Risk Tobacco Products - 50% Risk Modification Order.

Line 5. Total Ounces of Snuff Sold in Exempt Transactions

Add Lines 2 through 4. Enter the result.

Line 6. Total Ounces of Snuff Sold/Purchased in Taxable Transactions During the Month

Line 1 minus Line 5. Enter the result.

Line 7. Total Excise Tax Due on Snuff

Multiply Line 6 by \$0.40. Enter the result here and on Schedule A, Line 2.

Schedule D. Schedule for Remaining Other Tobacco Products (Excluding Vapor and Alternative Nicotine) (*Schedule must be attached*)

Line 1. Cost Price of Remaining Other Tobacco Products Sold/Purchased During the Month

Enter the cost price for remaining other tobacco products sold/purchased during the month. Attach copies of invoices or equivalent information.

Do not include products already reported on Schedule B or Schedule C.

Line 2. Cost Price of Remaining Other Tobacco Products Sold Outside North Carolina

Enter the actual total cost price paid for all the products sold outside North Carolina during the month. Attach copies of invoices or equivalent information.

Do not include the cost price of cigars or snuff already reported on Schedule B or Schedule C.

Line 3. Cost Price of Remaining Other Tobacco Products Sold to the Federal Government or Its Instrumentalities

Enter the cost price for all the products sold to the Federal Government or Its instrumentalities during the month. Attach copies of invoices or equivalent information.

Do not include the cost price of cigars or snuff already reported on Schedule B or Schedule C.

Line 4. Cost Price of Exempt Remaining Other Tobacco Products

The allowable exemptions to be used on this line are:

- Samples of remaining other tobacco products, distributed without charge
- A Manufacturer's Option
- Modified risk tobacco products

Manufacturer's Option - A manufacturer who is not a retail dealer and who ships other tobacco products to either a wholesale dealer or a retail dealer licensed under Article 2A, may upon application to the Secretary and upon compliance with requirements prescribed by the Secretary, be relieved of paying the tax on tobacco products imposed by Article 2A, but is not relieved from filing a report.

Modified Risk Tobacco Products - A tobacco product that is sold or distributed for use to reduce harm or the risk of tobacco-related disease associated with commercially marketed tobacco products.

Tax Rate Reduction:

- 50% - for a modified risk tobacco product issued a risk modification order by the United States Food and Drug Administration (FDA) under 21 U.S.C. § 387k(g)(1). Complete and attach Form B-A-MR50, Schedule of Modified Risk Tobacco Products - 50% Risk Modification Order.
- 25% - for a modified risk tobacco product issued an exposure modification order by the FDA under 21 U.S.C. § 387k(g)(2). Complete and attach Form B-A-MR25, Schedule of Modified Risk Tobacco Products - 25% Exposure Modification Order.

The manufacturer must substantiate that a product qualifies as a modified risk tobacco product by providing the Department a copy of the order issued by the United States Food and Drug Administration verifying the product as a modified risk tobacco product. Once the manufacturer provides the order to the Department, the wholesale dealer or retailer dealer may claim the tax rate deduction on the first day of the next calendar month.

Enter the total remaining other tobacco products for: (1) samples of remaining other tobacco products, distributed without charge; and (2) remaining other tobacco products sold under the manufacturer's option during the month. Attach copies of all invoices or equivalent information. For Modified Risk Tobacco Products, enter the Total from Part 1C from the B-A-MR25 Schedule of Modified Risk Tobacco Products - 25% Exposure Modification Order or the B-A-MR50 Form B-A-MR50, Schedule of Modified Risk Tobacco Products - 50% Risk Modification Order.

Line 5. Cost of Remaining Other Tobacco Products Sold in Exempt Transactions

Add Lines 2 through 4. Enter the result.

Line 6. Total Cost Price of All Remaining Other Tobacco Products Sold /Purchased in Taxable Transactions During the Month

Line 1 minus Line 5. Enter the result.

Line 7. Total Excise Tax Due on Remaining Other Tobacco Products

Multiply Line 6 by 12.8% (0.128). Enter the result here and on Schedule A, Line 3.