



## Important Notice Regarding Other Tobacco Products Excise Tax Rate Increase and Tax on Inventory on Effective Date of Increase

**Tax Rate:** The 2009 General Assembly enacted [Senate Bill 202](#) (Session Law 2009-451) to increase the excise tax rate on "other tobacco products". Effective September 1, 2009, the tax rate for other tobacco products will be increased to 12.8% of the cost price of the products.

Other tobacco products are products other than cigarettes that contain tobacco and are intended for inhalation or oral use.

**Inventory:** Every person subject to the excise tax on other tobacco products under G.S. 105-113.35 are required to pay an additional tax equal to the difference between the previous tax rate and the new tax rate on all other tobacco products held in inventory on the effective date of the tax increase. The additional tax is equal to the difference between the former tax rate of 10% of the cost price of other tobacco products and the increased tax rate of 12.8% (2.8% is the difference between the previous rate of 10% and the new rate 12.8%). The inventory and the additional tax are due to the Department of Revenue 20 days after the effective date of the increase.

"Cost price" means the actual gross purchase price of the other tobacco products before any discounts, rebates, or allowances and before the excise tax is applied. Additional charges which are included and are not set out separately on the invoice, such as freight charges are considered part of the cost price and the tax is applied to the total invoice amount before any deductions.

Please use [Form B-A-105](#) to record the inventory as of September 1, 2009 and to calculate the additional tax due. The form is available on our website at <http://www.dor.state.nc.us/downloads/tobacco.html>. The form and payment are due by September 21, 2009.

If you have any questions regarding the tax rate increases or the inventory tax due, you may contact the Tobacco Products Tax Unit at (919) 733-3651.