



March 2017

Pete Ricketts, Governor

Dear Nebraska Retailer,

The Nebraska Department of Revenue (Department) is responsible for monitoring compliance with Nebraska's cigarette and tobacco laws, including diligent enforcement as required by the Master Settlement Agreement pursuant to Neb. Rev. Stat. §§ 69-2702 to 69-2711, 77-2702 to 77-2720, and 77-4001 to 77-4024. The Department's diligent enforcement efforts include compliance checks of cigarette and tobacco retailers.

As part of the compliance checks, the Department inspects for contraband cigarettes. Contraband cigarettes include any:

- Cigarettes on point of sale displays or in your inventory that are not properly stamped with a Nebraska cigarette tax stamp. Cigarettes that do not have a Nebraska cigarette tax stamp, or a complete and readable tax stamp;
- Cigarettes and roll-your-own (RYO) tobacco that are not listed on the Nebraska Directory of Certified Tobacco Product Manufacturers and Brands (Directory). The Directory can be viewed on the Department's website at revenue.nebraska.gov by clicking on "Cigarettes/Other Tobacco Products," and "Nebraska Directory of Certified Tobacco Product Manufacturers and Brands;" and
- Single stick cigarettes.

A complete and readable stamp is a stamp that contains information sufficient to identify the stamp as a Nebraska cigarette tax stamp including the word Nebraska and the entire legible 5-digit stamp number. A complete and readable stamp is required by Cigarette Tax Regulation 57-006.01.

Contraband cigarettes discovered during retail inspections will be confiscated under Neb. Rev. Stat. § 77-2620. Further, the retailer could be subject to civil and criminal penalties, and suspension or revocation of its local license to sell tobacco products.

To ensure compliance with the cigarette and tobacco products tax laws of Nebraska, every retailer that sells cigarettes and RYO tobacco should implement as a best practice, the following steps:

- Inspect all cigarettes to ensure that the cigarettes are properly stamped (see above) with a Nebraska cigarette tax stamp. Cigarettes that do not have a Nebraska cigarette tax stamp, do not have a complete and readable Nebraska cigarette tax stamp, or cigarettes with a cigarette tax stamp from another jurisdiction should be returned to the wholesale dealer immediately.
- Verify that all cigarettes and RYO tobacco are listed on the Directory. Cigarettes and RYO tobacco that are not listed should be returned to the wholesale dealer immediately.
- Do not place any cigarettes on point of sale displays that do not contain a complete and readable Nebraska cigarette tax stamp. Return any unstamped cigarettes and cigarettes that do not have a complete and readable stamp to the wholesale dealer immediately.
- Remove all cigarettes from point of sale displays that do not have a complete and readable Nebraska cigarette tax stamp and/or are not listed on the Directory and return them to the wholesale dealer immediately.

The Department encourages you to work with your cigarette wholesale dealers to avoid issues with your cigarettes and RYO tobacco.

The Department is in the process of developing an information guide that will contain more detailed information regarding your duties and responsibilities under the Nebraska cigarette tax laws. Once completed, the information guide will be posted on the Department's website. In the meantime, sign up for the subscription service at revenue.nebraska.gov to get email updates on your topics of interest. Also, Department Regulations regarding the cigarette tax may be found by clicking on "Legal Information," then "Regulations," and "Title 316, Chapter 57 - Cigarette Tax."

If you have any follow-up questions, please contact Cliff Thomas at 402-471-5676 or cliff.thomas@nebraska.gov; or Kara Parga at 402-471-5781 or kara.parga@nebraska.gov.

For the Tax Commissioner



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