



March 2017

Dear Nebraska Licensed Cigarette Wholesale Dealer,

Pete Ricketts, Governor

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 the retailer's inventory that are not properly stamped with a Nebraska cigarette tax stamp; cigarettes that do not have a Nebraska cigarette tax stamp, or do not have a complete and readable tax stamp; and
- Cigarettes and roll-your-own (RYO) tobacco products 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."

A complete and readable tax 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 wholesale dealer and retailer could be subject to civil and criminal penalties. In addition, any retailer licensed under Neb. Rev. Stat. §§ 28-1420 to 28-1429 or wholesale dealer licensed under Neb. Rev. Stat. §§ 77-2601 to 77-2622 could have their license suspended or revoked.

To ensure compliance with the cigarette and tobacco products tax laws of Nebraska, every resident and nonresident licensed wholesale dealer that sells cigarettes and RYO tobacco to retailers in Nebraska should:

- Verify that all cigarettes and RYO tobacco products that are delivered to a Nebraska retailer are listed on the Directory. Cigarettes and RYO tobacco products that are not listed on the Directory should not be delivered to a Nebraska retailer.
- 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 not be delivered to a Nebraska retailer.
- Maintain complete and accurate books, records, papers, receipts, invoices, bills of lading, and any other documentation which pertain to the purchase and sale of cigarettes and tobacco products sold in Nebraska or into other states.

The Department encourages you to work with your retail customers to avoid issues with cigarettes and RYO tobacco products delivered to the customer's retail store.

The Department will not issue a credit or refund of the value of the tax stamps on contraband cigarettes that are confiscated by the Department. In addition, if a retailer identifies an incomplete stamp affixed to a pack of cigarettes and returns the pack to the wholesale dealer, the wholesale dealer will not receive a credit or refund for the incomplete stamp, unless the pack is returned to the manufacturer.

The Department is in the process of developing an information guide that will contain more detailed information regarding wholesale dealer and retailer responsibilities under the Nebraska cigarette and tobacco 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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