

# Information for Cigarette and Tobacco Products Retailers

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*This guidance document may change with updated information or added examples. DOR recommends you do not print this document. Instead, sign up for the subscription service at [revenue.nebraska.gov](http://revenue.nebraska.gov) to get updates on your topics of interest.*

## Cigarette & Tobacco Retailers

Businesses that sell cigarettes and other tobacco products at retail must:

- Be registered with the local city or county clerk;
- Sell only certified brands of cigarettes and roll-your-own (RYO) tobacco products;
- Ensure every pack of cigarettes offered for sale is stamped with a complete readable Nebraska tax stamp;
- Purchase tobacco products only from distributors or wholesalers licensed by Nebraska, or obtain a license to import tobacco products;
- Follow minimum pricing guidelines;
- Only sell cigarettes in the manufacturer's unopened package of 20 or 25 cigarettes. Cigarettes may not be sold individually, i.e., by the stick; and
- Not sell tobacco products to anyone under 19 years of age (effective January 1, 2020, LB 149 [2019] increased the age from 18 to 19).

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## Certified Brands

Nebraska requires tobacco manufacturers to annually certify their brands of cigarettes and RYO tobacco for sale in this state. DOR maintains a directory of certified cigarette and RYO tobacco brands on its website. Only certified brands of cigarettes and RYO tobacco can be legally sold in this state. Any brands not on the directory and discovered during a retail inspection will be confiscated. A notice will be posted on DOR's website when brands are added to or removed from the directory.

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## Tax Rates

### Cigarette Tax

The cigarette tax is imposed on the consumer but prepaid by the stamping agent and built into the retail price of cigarettes.

### Snuff and Other Tobacco Products

The tax on snuff and other tobacco products is imposed on the wholesaler or first owner in this state, and is built into the retail price.

### State & Local Sales Tax

Retail sales of cigarettes and other tobacco products are subject to the 5.5% state sales tax plus any applicable local sales tax. Sales tax must be collected on all retail sales of cigarettes and tobacco products.

## Tobacco Occupation Tax

Omaha also imposes an occupation tax on tobacco products. The occupation tax must be included in the sales price before calculating the state and local sales tax.

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## Importing Tobacco Products

If you import cigarettes or tobacco products into Nebraska or purchase them from an out-of-state seller that is not licensed with the state, contact DOR to discuss additional regulatory requirements.

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## RYO Machines

Any person that maintains or provides a machine at a retail establishment that enables any consumer to process tobacco or any product that is made or derived from tobacco into a roll or tube is deemed to be a manufacturer of cigarettes. If you have this type of machine, you should contact DOR.

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## Cigarette Minimum Pricing

Cigarette minimum pricing only applies to rolls of tobacco, the wrapper or cover of which is made of paper or any other substance or material, except tobacco. The minimum wholesale and retail selling prices are calculated and determined by DOR for each brand and maintained on our website. Retailers participating in a cigarette buy down promotion may promote the value of a manufacturer's buy down or the reduced selling price the buy down amount; even when the reduced selling price is below the legal minimum retail selling price.

**However, the promotional signs and displays must also include the full retail selling price prior to the buy-down amount and indicate that the sales tax is computed on the full retail selling price prior to the buy-down amount.**

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## Nebraska Tax Stamp Definition

The cigarette tax stamp contains the word "Nebraska," a five-digit serial number, and specifies either 20 or 25 cigarettes.

Licensed stamping agents purchase and affix the Nebraska tax stamp to each pack of cigarettes they sell in this state. The stamp is proof that the tax has been paid. Packs without a complete readable Nebraska tax stamp, or that have another state's tax stamp affixed, will be seized and the retailer may be subject to penalty.

***A complete readable stamp is defined as a stamp containing the legible five-digit stamp number and/or two thirds of the tax stamp.***

*Before shelving packs of cigarettes for sale, you should check the bottom of the packs to be certain they bear the Nebraska tax stamp. If they do not, return them to your supplier.*

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## Inspection of Premises

DOR may investigate and examine the stock of cigarettes or tobacco products in or upon the premises of the retailer.

All packages of cigarettes are to be arranged in display cases, display counters, or cigarette racks in a manner that allows inspection by DOR staff.

Each retailer must keep documents establishing that the cigarettes and tobacco products in the retailer's inventory were purchased from a wholesaler, distributor, stamping agent, or other retailer licensed by the State of Nebraska.

**Retailers should anticipate and cooperate in inspections conducted by DOR.**

If you receive a penalty related to the seizure of cigarettes inspected at your retail location, you may request an abatement of the penalty by using Request for Abatement of Penalty, Form 21, which can be found on DOR's website.

***DOR has created a GovDelivery subscription category called "Cigarettes and Other Tobacco Products." Learn more about this free subscription service as well as sign up for automatic emails when DOR updates information about this program at our website [revenue.nebraska.gov](https://revenue.nebraska.gov)***