	MUNICIPALITY OF ANCHORAGE	
	Finance Dep't., Treasury Div. Fax: (907) 343-6677	Mailing Address P.O. Box 196650 Anchorage, AK 99519-6650

AMC 12.40 Excise Tax on Cigarettes and Other Tobacco Products Best Business Practices for Distributors Issued 12/17/2013

General


The lists in this document are illustrative and intended to point out key requirements and associated best practices. For complete details on any items, please refer to AMC 12.40 and applicable materials published on the web site at www.muni.org/tobaccotax. If you still have questions, please contact Treasury.

All Distributors

For sales of **tax-exempt** cigarettes and other tobacco products, all distributors must:

- Check the tobacco tax web site on a frequent basis for the most recent List of Current Registrants. Treasury will update the list on a regular basis but will not send individual notifications to distributors (AMC 12.40.028.I).
 - Updates will include not only new registrants but delete businesses whose registration has lapsed.
- Ensure all merchant customers seeking to purchase tax-exempt cigarettes and other tobacco products appear on the List of Current Registrants applicable to the date of sale (AMC 12.40.125.A).
- Not accept cash for sales of tax-exempt cigarettes and other tobacco products (AMC 12.40.130.A.6).
 - Accept only a voucher, check, warrant, or other negotiable instrument made payable to you and issued from an account maintained by , and in the name of, the registered business or by a bill, invoice, purchase order, or other form of payment arrangement made directly between you and the registered business that creates an audit trail.
- Comply with recordkeeping requirements related to sales of tax-exempt cigarettes and other tobacco products (AMC 12.40.190).
 - Invoices and other types of sales-related documents must clearly indicate the cigarettes and other tobacco products has been sold exempt of the tax. (AMC 12.40.190.A.2).
 - Ensure the merchant customer name is included on the List of Current Registrants and is the same on all documents associated with the sale, such as invoice, credit card, company check, bill of lading, shipping manifest, etc. Personal funds are not acceptable forms of payment from registrants for tax-exempt cigarettes and other tobacco products.
- Comply with restrictions on shipping or transporting tax-exempt cigarettes and other tobacco products (AMC 12.40.125).
 - Tax-exempt cigarettes and other tobacco products may not be shipped, transported, or cause to be shipped or transported, to anyone other than a bonded distributor or a registrant's business location outside the municipality as shown in the List of Current Registrants (AMC 12.40.125.A).

For more information, please visit our website at: www.muni.org/treasury & click the "Tobacco Tax" link, or contact:
Supervisor (907) 343-6965 Enforcement Officers (907) 343-6964 or 6676 Assistants (907) 343-6686 or 6967

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For sales of **tax-paid** cigarettes and other tobacco products, all distributors must:

- Comply with recordkeeping requirements related to sales of tax-paid cigarettes and other tobacco products (AMC 12.40.190).
 - Invoices or other types of sales documents must clearly indicate that fully taxed cigarettes and other tobacco products has been sold (AMC 12.40.190.A.2).
- Comply with restrictions on shipping or transporting tax-paid cigarettes and other tobacco products (AMC 12.40.125).

Distributors Located Outside of MOA Who Are Licensed Under AMC Chapter 12.40

In addition to the practices outlined in the section “All Distributors”, those distributors located outside of MOA who, as part of services rendered, remit tax on behalf of customers, must also:

- Report only tax-paid cigarettes and other tobacco products on Line 1a and Line 4a, respectively.
- Report cigarettes and other tobacco products shipped to customers located in MOA who report acquisitions and remit tax on their own behalf **only** on a separate Supporting Schedule. Do not include in any balances reported on the face of the tax return. The supporting schedule functions as a manufacturer’s or PACT Act report.
 - Alternatively, after consultation with Treasury, a distributor could file a PACT Act report and completely exclude all sales to customers located in MOA who report acquisitions and remit tax on their own behalf from the distributor’s tax return.
- Report no sales of tax exempt cigarettes or other tobacco products on Line 1b or Line 4b, respectively.

Bonded Distributors

In addition to the practices outlined in the section “All Distributors”, bonded distributors must also:

- Continue to report the normal other deductions (see tax return instructions) as part of Line 1c and Line 4c.
- Report conditional deductions for cigarettes and other tobacco products on Line 1c and Line 4c. The conditional deductions will result in zero taxable cigarettes and zero other tobacco products on Line 2 and Line 5, respectively. The conditional deductions should approximate the number of cigarettes and the wholesale price of other tobacco products in inventory at the end of the month being reported.
- Ensure 100% of the cigarettes and other tobacco products are sold to merchant customers registered under AMC 12.40.028.

If you have any questions about this matter, please contact the Treasury Division of the Municipality of Anchorage at the numbers listed below between 8:00AM and 5:00PM Monday through Friday, excluding holidays.

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