



Department of Taxation and Finance

Important

The New York State excise tax rates on cigarettes and little cigars increased. For the current tax rates for cigarettes and little cigars, see [Cigarette and tobacco products tax](#).

The TSB-M begins on page 2 below.

Simplified Computation for Tax on Little Cigars

As explained in prior TSB-Ms¹, beginning August 1, 2010, little cigars are taxed at the same rate as cigarettes. Currently, the tax rate is \$4.35 per pack of 20 little cigars. For packs containing more than 20, the additional little cigars are taxed at a rate of \$1.0875 for each five little cigars or fraction thereof.

Initially, Form MT-203, *Distributor of Tobacco Products Return*, was designed to compute the tax on little cigars broken down by packs of 20 or less and packs of 25. Form MT-203 is being revised to simplify this computation. Beginning with the monthly return for November 2010 (due December 20, 2010), the tax on little cigars will be computed based on the number of 20 packs (or the equivalent) imported or caused to be imported into New York State or manufactured in New York State. For packs containing other than 20 little cigars, divide the quantity in the package by 20 to determine the equivalent amount of 20 packs.

The following examples illustrate how to compute equivalent 20 packs and the applicable tax rates:

Example 1: *A box of little cigars contains 50 little cigars. The excise tax rate on this package is \$10.875. ($50/20=2.5$ equivalent 20 pack.; $2.5 \times \$4.35$ tax rate = \$10.875)*

Example 2: *A pack of little cigars contains 5 little cigars. The excise tax rate on this package is \$1.0875. ($5/20=.25$ equivalent 20 packs; $.25 \times \$4.35$ tax rate = \$1.0875)*

Example 3: *The excise tax rate on a single little cigar is \$0.2175. ($1/20=.05$ equivalent 20 packs; $.05 \times \$4.35$ tax rate = \$0.2175)*

Form MT-203-W, *Wholesale Dealer of Tobacco Products Informational Return*, and the related schedules are also being revised to simplify the calculation of little cigars.

Amended returns

Taxpayers that computed the tax on little cigars using a different method for August, September, or October 2010 may file an amended return using the manual version of the *Distributor of Tobacco Products Return*, Form MT-203-MN (11/10), available at www.nystax.gov.

NOTE: A TSB-M is an informational statement of existing department policies or of changes to the law, regulations, or department policies. It is accurate on the date issued. Subsequent changes in the law or regulations, judicial decisions, Tax Appeals Tribunal decisions, or changes in department policies could affect the validity of the information presented in a TSB-M.

¹ See TSB-M-10(4)M, *Amendments to Definitions and Tax Rates for Tobacco Products*, and TSB-M-10(10)M, *Amended Definition of Little Cigar*.