



STATE OF NEVADA  
DEPARTMENT OF TAXATION

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Dear Taxpayer:

This letter serves as a reminder that cigarettes are a highly regulated product and wholesale dealers must comply with the provisions found in Nevada Revised Statutes ("NRS") and Nevada Administrative Codes, Chapter 370. Violations of Chapter 370 are subject to civil penalties, gross misdemeanor charges, suspension and/or revocation of your wholesale dealer's license. Additionally, the Department of Taxation ("Department") will require all wholesale dealers to provide their customer lists on a quarterly basis.

In the past, if a wholesale dealer filed an inaccurate Cigarette Inventory Report ("report"), it was the Department's practice to alert the dealer and assist in amending the report. Effective as of the date of this letter, the Department will no longer continue this practice. Wholesale dealers are required to file monthly reports that are complete and **100%** accurate. Reports that contain inaccuracies, amount discrepancies, delisted cigarettes, missing information, unpopulated fields or are delinquent are in violation of NRS 370.

Below are some of the most common violations:

- Inaccurate figures entered onto the report.
- Data has not been entered in required fields.
- Individual forms are not acknowledged by entering "n/a" or "none" when they do not pertain to a licensee.
- Retail sales are not reported by brand.
- Sales to tribal entities or other licensed wholesale dealers reported on the CT04 are not separated by date and invoice number.
- Inaccurate Period End Dates (PED) on all forms.
- Full brand names of cigarettes are not entered on all applicable forms.
- Taxpayer Identification Numbers (TID#) not entered or is incorrect. (TID#'s for all licensed businesses are available on our website, [www.tax.nv.gov](http://www.tax.nv.gov). See Excise Tax Forms.)
- Use of incorrect location numbers or addresses.
- Figures entered on the CT02, Lines 13, 14 or 15 (Damaged Stamps section) are inaccurate or incomplete or do not include an explanation or substantiating documentation. (Substantiating documentation includes proof of stolen stamps, evidence of invoicing/shipping differences, or evidence of damaged stamps.)
- Affidavits, submitted with amended reports, are incomplete or incorrect.
- In possession or sales of delisted cigarettes.
- Delinquent reports

In addition, wholesale dealers are required, at all times, to keep an accurate account of their cigarette inventory. In the past, wholesale dealers made inventory adjustments on Line 5e, (Other), of the CTO1 and included an explanation such as, "unknown differences", "pilfering", or "physical inventory

adjustment”. These types of adjustments will no longer be accepted. Effective October 2018 (report due November 26, 2018), any adjustments to inventory must include verifiable evidence that substantiates the adjustment. Verifiable evidence includes, but not limited to, a police report of theft/burglary or an insurance claim and photographs of unforeseen damages. If the wholesale dealer chooses not to report the theft or loss to the police or insurance company, the dealer must provide verifiable evidence that demonstrates the steps taken to mitigate future loss or damage to inventory. The Department will consider the evidence provided and determine if the adjustment is acceptable.

Future adjustments taken on Line 5e of the October 2018 report that do not include verifiable evidence and supporting documentation are in violation of the provisions of NRS 370 and wholesale dealers will be assessed a civil penalty and subject to a temporary suspension and/or permanent revocation of their Cigarette Wholesale Dealer’s License.

Furthermore, during the last month of each quarter, all wholesale dealers will be required to provide a list of their customers to whom cigarettes have been sold. The list must be in an excel format and include the customer’s name and physical location address. The first customer list will be due on January 25, 2019 with the December 2018 report.

Please note that NRS Chapter 370 cited above, and all the provisions required of tobacco retailer dealers, may be found on the official website of Nevada Legislature, <https://www.leg.state.nv.us/NRS/NRS-370.html> and <https://www.leg.state.nv.us/NAC/NAC-370.html>.

The Department now has LISTSERV for cigarettes and other tobacco products (“OTP”) which can be found on our webpage, [www.tax.nv.gov](http://www.tax.nv.gov), under Excise Tax Forms. Wholesale dealers are encouraged to sign up for this service in order to receive cigarette and/or OTP related correspondence from the Department.

Any tobacco related correspondence or questions may be submitted to [taxation-adminMSA@tax.state.nv.us](mailto:taxation-adminMSA@tax.state.nv.us).

Thank You,

Nevada Department of Taxation