

## Minnesota revenue notice number 98-14

### Tobacco Products Tax - Wholesale Price Includes Cost of Any Packaging or Boxes

Tobacco products are all packaged in some manner prior to sale. The Department of Revenue takes the position that the wholesale price of tobacco products includes the cost of any packaging or boxes. The tobacco products tax is imposed on the total wholesale price of the tobacco products including any pricing related to packaging.

#### Statutory Authority

Pursuant to Minnesota Statutes, § 297F.05, subdivision 3, the tax is imposed on all tobacco products in this state and upon any person engaged in business as a distributor, at the rate of 35 percent of the wholesale sales price of the tobacco products....”

**Wholesale price** is defined in Minnesota Statutes, § 297F.01, subdivision 23, as “the established price for which a wholesaler sells a tobacco product to a distributor, exclusive of any discount or other reduction.”

**Tobacco products** are defined in Minnesota Statutes, § 297F.01, subdivision 19, as “cigars; little cigars; cheroots; stogies; periques; granulated, plug cut, crimp cut, ready rubbed, and other smoking tobacco; snuff; snuff flour; cavendish; plug and twist tobacco; fine-cut and other chewing tobacco; shorts; refuse scraps, clippings, cuttings and sweepings of tobacco, and other kinds and forms of tobacco, prepared in such manner as to be suitable for chewing and smoking in a pipe or otherwise, or both for chewing and smoking; but does not include cigarettes as defined in this section.”

Dated: 10 August 1998

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