

**This notice is revoked. Revenue Notice #12-13 revoked and replaced this notice on December 31, 2012.**

## **Department of Revenue**

### **Revenue Notice # 09-03: Tobacco Products Tax – Definition of Wholesale Sales Price – Proper Tax Calculation**

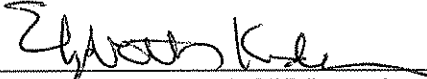
Questions have arisen in relation to the proper calculation of the tobacco products tax on the wholesale sales price of tobacco products. On July 10, 2008, the department issued a notice to all licensed tobacco products distributors requesting input from interested parties in the tobacco industry in relation to the meaning of terms set forth in the definition of wholesale sales price. Specifically, comments were requested in relation to the interpretation of the language “exclusive of any discount, promotional offer, or other reduction.”

*Minnesota Statutes*, section 297F.01, subdivision 23 defines wholesale sales price as follows:

“Subd. 23. Wholesale sales price. “Wholesale sales price” means the price stated on the price list in effect at the time of sale for which a manufacturer or person sells a tobacco product to a distributor, exclusive of any discount, promotional offer, or other reduction. For purposes of this subdivision, “price list” means the manufacturer's price at which tobacco products are made available for sale to all distributors on an ongoing basis.”

The Revenue Department concludes that the clause, “exclusive of any discount, promotional offer, or other reduction,” as used in the statute, requires Minnesota’s tobacco products tax to be imposed on the price stated on the price list in effect at the time of sale to a distributor, that the products are made available at that price to all distributors on an ongoing basis, and that the price at the time of sale to a distributor does not include or is not calculated based on a discount, promotional offer, or reduction from that price. “Ongoing basis” is not for a limited duration. It means the product is made available to all distributors at a published price for an open-ended or indefinite period of time.

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