TOBACCO AND NICOTINE PRODUCTS WHOLESALE SALES AND USE TAX NOTICE

P.L. 2018 c. 50, signed into law on July 1, 2018, amended the Tobacco and Nicotine Products Wholesale Sales and Use Tax Act (N.J.S.A. 54:40B-1 et seq.). The amendments impose a $0.10 per fluid milliliter tax on sales of liquid nicotine.

Tobacco Products – New Definitions

A tobacco product previously defined as any product containing any tobacco for personal consumption has been changed to include any product containing, made, or derived from tobacco or nicotine.

The changes that were made to the definition of a tobacco product substantially alter the products that are now subject to tax. Any product containing, made, or derived from nicotine, including liquid nicotine, and tobacco products substitutes are now taxed.

Liquid nicotine, defined as any solution containing nicotine that is designed or sold for use with an electronic smoking device, will be taxed at a different rate from other tobacco products and moist snuff.

Tax Rate and Effective Date

Tobacco products that contain nicotine that were not previously taxed are subject to tax at a rate of 30% of the wholesale price. This includes non-liquid nicotine products and tobacco product substitutes. Liquid nicotine products are subject to tax at a rate of $.10 per fluid milliliter.

The new tax rate on liquid nicotine, and the Tobacco Products Tax on any non-liquid nicotine and tobacco product substitutes will go into effect on September 29, 2018.
**Floor Stocks**

Form TPT-FL is the Tobacco Products Tax Floor Stocks Tax Return, which requires those distributors, wholesalers, and retail dealers in possession of any liquid nicotine to:

- Take an inventory on the close of business on September 28, 2018;
- Report the liquid nicotine in inventory on Form TPT-FL;
- Calculate the tax due at the rate of $0.10 per fluid milliliter; and
- File Form TPT-FL and remit the tax due by October 20, 2018.

**New Filing Requirements and Forms**

Taxpayers will now be required to file Form TPT-10 instead of the TPT-20.

The TPT-10 is a new form that is required to be filed monthly, with a due date of the 20th day of the month following the end of the prior month. On this return, you will be required to report information regarding the purchases and sales you made during the entire month. You will also be required to complete schedules and supply information concerning those purchases and sales.

The new Tobacco Products Tax Return, Form TPT-10, will replace the current TPT-20. Starting with the return due on October 20, 2018, the TPT-20 will not be accepted. Any taxpayer filing a Tobacco Products Tax Return will have to use the TPT-10.

**Additional Information**

The Division of Taxation recognizes that the required changes make compliance difficult for certain taxpayers. We are working to make the transition as smooth as possible. Please do not hesitate to send us an email at Tobacco.tax@treas.nj.gov if you need any assistance with, or clarification of, any part of the new Tobacco Products Law including the new tax on liquid nicotine.