

# Instructions For Alaska Cigarette and Tobacco Products Tax License Applications

## License Required

No person shall import, manufacture, sell, purchase, possess or acquire cigarettes as a manufacturer, distributor, direct-buying retailer, vending machine operator, or buyer without first having obtained the appropriate license. In addition, no person shall distribute any tobacco product without first having obtained the appropriate license.

Businesses located out of state that wish to sell cigarettes and tobacco products into the state and pay the tax imposed under AS 43.50, may apply for a cigarette wholesaler-distributor license or a tobacco distributor license.

Please be advised that by applying for a license authorizing the sale of cigarettes, you are agreeing to purchase and affix cigarette tax stamps, or designate a third party to do so on your behalf, as the means of paying the state excise tax.

Caution: A person who fails to obtain a cigarette license prior to importing cigarettes into the state is subject to a penalty of 100% of the tax due on the cigarettes in addition to the tax.

## Definition of License Types

**Buyer** is a person who imports or acquires cigarettes for the person's own consumption from any source other than a manufacturer, distributor, direct-buying retailer, retailer, or wholesaler-distributor.

**Direct-Buying Retailer** is a person who is engaged in the sale of cigarettes at retail in the state, and who brings, or causes to be brought, cigarettes into the state.

**Cigarette Distributor** a person who brings cigarettes, or has cigarettes brought into the state, and who sells or distributes at least 75% of the cigarettes to others for resale in the state. Tax is levied when cigarettes are first imported or acquired in the state.

**Manufacturer** is a person who makes, fashions, or produces cigarettes for sale to distributors or other persons.

**Vending Machine Operator** is a person who imports or acquires cigarettes in the state, upon which the tax has not been paid, and distributes them through vending machines.

**Wholesaler-Distributors** is a person outside of the state who sells cigarettes into the state and agrees to pay the cigarette and tobacco products tax imposed under AS 43.50.

**Tobacco Products Distributor** is a person who brings, or causes to be brought, a tobacco product into the state from outside the state for sale; makes, manufactures, or fabricates a tobacco product in the state for sale in the state; or ships, or transports a tobacco product to a retailer in the state for sale by the retailer. If you import cigarettes as well as tobacco products, you only need to apply for the appropriate cigarette license.

## Tax Imposed

There is an excise tax of 100 mills on each cigarette (\$2.00 per pack of 20) imported or acquired in Alaska. The cigarette tax must be paid through the purchase of cigarette tax stamps. Use Form 620 to purchase cigarette tax stamps. Taxpayers are entitled to a discount of 3% on the first \$1,000,000 and 2% on the next \$1,000,000 of cigarette tax stamps purchased in a calendar year. A tax is levied on tobacco products at the rate of 75% of the wholesale price. Taxpayers may deduct 0.4 percent (.004) of the total tobacco products tax to cover the expense of collecting and remitting the tobacco products tax.

## Other Definitions

Cigarette means a roll for smoking of any size or shape, made wholly or partly of tobacco whether the tobacco is flavored, adulterated, or mixed with another ingredient, if the wrapper or cover of the roll is made of paper or a material other than tobacco.

**Tobacco Products** include the following: cigars; cheroots; perique; snuff and snuff flour; smoking tobacco, including granulated, plug-cut, ready-rubbed, and any form of tobacco suitable for smoking in a pipe or cigarette; chewing tobacco, including cavendish, twist, plug, scrap, and tobacco suitable for chewing; or articles or products made of tobacco or a tobacco substitute, but not including cigarettes as defined above.

**Wholesale Price** is the established price for which a manufacturer sells a tobacco product to a distributor after deduction of a discount or other reduction received by the distributor for quantity or cash if the manufacturer's established price is adequately supported by bona fide arm's length sales as determined by the Department. If the price is not adequately supported by bona fide arm's length sales, the wholesale price will be determined by the Department.

## Where to Send Form 520

TAX DIVISION  
DEPARTMENT OF REVENUE  
550 W 7TH AVENUE STE 500  
ANCHORAGE, AK 99501