

TPT-705

West Virginia Retailer – Cigarette/OTP Floor Stock Return Instructions to Calculate the OTP Gross Invoice Cost

Effective on and after July 1, 2016, the tobacco products excise tax rate on tobacco products other than cigarettes is increased from seven percent to twelve percent of the wholesale price of each item, an increase of five percent.

For purposes of this Notice the term “retailers’ purchase price” means and is limited to the price at which the retailer purchased each tobacco product item other than cigarettes from a wholesaler, wholesale dealer, subjobber or subjobber dealer.

For purposes of this Notice the term “retail price” means and is limited to the price at which the retailer sells each tobacco product item other than cigarettes to a consumer or to any person for any purpose other than resale.

For tobacco retailers only – In order to determine the amount of additional tax due under the new rate tobacco retailers will calculate the wholesale price of tobacco products other than cigarettes in their possession on July 1, 2016, either:

(1) By using the actual wholesale price of each item

resold to the retailer. When using this method, a taxpayer must keep sufficient documentation from the wholesaler showing the actual wholesale price.

(2) By subtracting twenty percent from the “retailers’ purchase price” of each item.

For Example:

$$\$3.00 \text{ “retailers’ purchase price”} \times 0.20 = \$0.60$$

$$\$3.00 - \$0.60 = \$2.40 \text{ Calculated Wholesale Price}$$

(3) Or, at the election of the retailer, by subtracting twenty percent from the “retail price” of each item.

For Example:

$$\$3.00 \text{ retail price} \times 0.20 = \$0.60$$

$$\$3.00 - \$0.60 = \$2.40 \text{ Calculated Wholesale Price}$$

This calculation will be input into Column 2, Line 3 (OTP Gross Invoice Cost).

For assistance or additional information visit tax.wv.gov.