

NORTHERN VIRGINIA CIGARETTE TAX BOARD

NVCTB RESOLUTION #5: REGULATIONS FOR WHOLESALE DEALER

The following regulations apply to all cigarette dealers who sell or distribute cigarettes for resale into or within the jurisdictions covered by the Northern Virginia Cigarette Tax Board (NVCTB).

Prior to operating in the jurisdictions covered by the NVCTB, all Dealers who sell or distribute cigarettes for resale MUST first make application to the Board to qualify as a Registered Agent. Said applicant must submit a completed application form, a signed copy of NVCTB Resolution #5: Regulations for Wholesale Dealer, a signed copy of Resolution #10: Penalties, and must provide a surety bond of one hundred and fifty (150) percent of the dealers average monthly tax liability. There is a minimum surety bond of nine thousand dollars (\$9,000.00). In addition there is a yearly Registration Fee of Two Hundred Dollars (\$200.00), due upon initial registration and prior to January 31st each year thereafter. Once qualified and approved by the Board as a Registered Agent, each Dealer is then authorized to sell or distribute NVCTB stamped cigarettes for resale in the jurisdictions covered by the Tax Board.

Any wholesaler who intends to sell retail, over-the-counter, at their business location must maintain separate inventories for stamped cigarettes intended for retail or wholesale sale within their home jurisdiction and stamped cigarettes intended for wholesale sale to retailers located outside their own home jurisdiction. The wholesaler shall notify the Board as soon as stamp rolls are identified as retail and wholesale and shall continue to keep both stamps and stamped inventory separate and apart in order to avoid commingling. Any individual purchasing five (5) or more cartons of cigarettes for personal use must attest to the fact that such purchase is not for resale by signing a statement to that effect. Said statement must also include a warning that the resale of cigarettes purchased for personal use is a violation of the Ordinances of the Board and will result in confiscation of all such untaxed cigarettes and may result in criminal penalties and fines. Copies of said statements must be included with monthly reports. Failure to maintain separate retail and wholesale inventories or to provide the required statements and identification of roll numbers could lead to the revocation of Registered Agent status.

The sale, exchange or distribution of cigarettes or tax stamps whether affixed or unaffixed by the Wholesaler, Distributor, or Dealer to anyone other than a licensed retailer, without prior approval of the Board, is prohibited.

Northern Virginia Cigarette Tax Board stamped cigarettes shall be distributed only in the jurisdictions covered by the Board. It is the responsibility of the Wholesaler to ensure that the proper tax is assessed for all sales to retail establishments located within the jurisdictions of the Board and that such establishments are properly listed in the appropriate jurisdiction. The Wholesaler must require that all retail dealers provide copies of a valid Virginia State Sales and Use Tax Certificate and a valid business license and said copies must be maintained on file and be available for inspection. The sale or delivery of cigarettes to all retail establishments, vendors or manufacturer representatives shall be recorded on invoices / receipts that includes their name and address together with a breakdown of cigarette brands and styles distributed. Credit memos shall be issued for all returns. All copies of invoices / receipts and credit memos must be retained by the Wholesale Dealer for a period of three (3) years plus the current

calendar year and shall be made available to Agents of the Tax Board upon request for use in conducting audits and investigations.

In order to receive NVCTB stamp credit for return of stamped cigarettes to Manufacturer's the completed Manufacturer Affidavit listing "Northern Virginia" stamps or stamped cigarettes should be forwarded to the Northern Virginia Cigarette Tax Board along with a completed "Application for NVCTB stamp credit" as soon as possible but no later than sixty (60) days after receipt. For Manufacturers who wholesale cigarettes, cigarette tax stamp credit can only be given when verifiable documentation is submitted. Verifiable documentation is a listing of cigarette returns by retailers, to include business name, business address, date of return, # of packs returned. This documentation must be submitted to the Board along with the monthly cigarette tax report during the period in which the retailer returns the cigarettes. All loose, damaged or partial rolls of Dual VA/NVCTB stamps must be returned directly to the Northern Virginia Cigarette Tax Board in order to receive credit.

The Northern Virginia Cigarette Tax Board will forward to each Wholesale Dealer a Distribution Report listing all the Dealers identified cigarette retailers, vendors and manufacturer's representatives. From the invoices, the Dealer will record on this Distribution report the total packages of cigarettes sold or delivered for each retailer, by jurisdiction, and each vendor or manufacturer's representative, for the previous calendar month. The Dealer shall complete the NVCTB Wholesaler Stamp Use Report, indicating the beginning and ending inventories, and shall record, by date, roll number, invoice or credit memo number, the quantity of NVCTB stamps or stamped cigarettes received or returned during the previous calendar month. The Dealer will complete the reconciliation page of the report by listing the total packages for each separate jurisdiction. The tax due will be calculated by multiplying the total packs for each jurisdiction by the appropriate tax for that jurisdiction as listed on the report. Total sales of untaxed NVCTB stamped cigarettes to Authorized Agents (Registered Vendors or sub-jobbers) shall be listed on the reconciliation page as "SALES NO TAX (AUTH AGENTS)". The Dealer will sign and date the completed Distribution Report and submit it along with a check made payable to the Northern Virginia Cigarette Tax Board for the net tax due by the 10th day after the end of the calendar month.

All money collected as cigarette taxes under the Ordinances of the Northern Virginia Cigarette Tax Board shall be deemed to be held in trust by the Dealer collecting the same until remitted to the Board as provided by Ordinance and this Resolution. Any report filed, or payment made, after the due date will be subject to late filing penalties. Continued failure to report will result in withdrawal of Registered Agent status and authority to purchase Dual VA/NVCTB stamps.

The Dealer must account for all Dual VA/NVCTB stamps or stamped cigarettes purchased. Periodic audits will be conducted to determine any unaccounted variance in the number of stamps or stamped cigarettes reported and an assessment will be made if all stamps or stamped cigarettes have not been accounted for. Any assessment of Dealers located outside the jurisdictions of the Board will be based upon the average sales of packages of cigarettes by jurisdiction during the audit period. For Dealers located within the jurisdictions of the Board, any assessment will be based upon the tax rate of the jurisdiction in which they are located. In addition, there will be a penalty for non-reporting of ten (10) percent of the gross tax due.

Signature

Company Name

Date

Printed Name

Title