

# NAB Tobacco Excise Tax Return – Instructions

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## Before You File

You need to file the Tobacco Excise Tax Registration Form and obtain a Northwest Arctic Borough Tax Account Number.

## Who Must File

Every registered and unregistered distributor must file Tobacco Excise Tax Returns. “**Distributor**” means a person who brings cigarettes or other tobacco products, or causes them to be brought, into the borough, and who sells or distributes them to others in the borough. You must file a return even if there is no tax liability or transactions for that Quarter.

## When Should You File

Every distributor must file a Tobacco Excise Tax Return four times each year—one for each quarter. The due date for each quarterly return is:

- April 30
- July 31
- October 31
- January 31

The U.S. postmark date is considered the filing date. When the due date falls on a Saturday, Sunday or legal holiday, returns filed or payments postmarked by the next business day are timely.



### What if you cannot file on time?

You should contact the Borough finance department at (907) 442 2500 before the due date.

## Where Should You File

Mail each Tobacco Excise Tax Return and check for the total amount due to:

Northwest Arctic Borough  
Finance Department

P.O. Box 1110  
Kotzebue, AK 99752

Please make checks payable to the Northwest Arctic Borough for the amount on line 17.

## Filing Reminders

Enter your company name, NAB Tax Account Number, and filing period.

## Keep Good Records

Save all books, records and other documents for at least 3½ years. We may ask to inspect your records or inventory at any time during normal business hours.

## Amending Your Return

If you are filing an amended return, be sure to write in “AMENDED RETURN” at the top of the form.

## LINE 1 – NUMBER OF PACKS AND WHOLESALE PRICE

Enter the number of packs and the wholesale price for other tobacco products. “Wholesale price” is the price the distributor pays for a tobacco product.



### Other Tobacco Products

- A cigar, cheroot, stogie, perique, snuff and snuff flour, smoking tobacco, chewing tobacco
- An article or product made wholly or in part of tobacco
- A tobacco substitute containing nicotine, unless prescribed by a physician or approved by the FDA as a tobacco use-cessation or harm-reduction product
- Any noncombustible device that provides a vapor or liquid nicotine to the user, including e-cigarettes, e-cigars, or e-pipes

**LINE 2 – PRICE ADJUSTMENTS**

Line 2(a) Volume Discounts. Enter volume discount you received from the normal wholesale price of other tobacco products.

Line 2(b) Other Price Reductions. Enter other price reductions you received from the normal wholesale price of other tobacco products.

Line 2(c) Returns. Enter the number of returned pack and the total refunds provided for other tobacco products returned.

**LINE 3 – TOTAL ADJUSTMENTS**

Add all adjustments from lines 2(a) through 2(c) on line 3.

**LINE 4 – ADJUSTED SALES**

Subtract line 3 from line 1.

**LINE 5 – EXEMPTIONS**

You must report exempt sales on line 1. If you have granted an exemption to your customers and have maintained the proper exemption documentation, you may exempt these sales on lines 5(a) through 5(c).

Line 5(a). Cigarettes or other tobacco products are exempt if brought into the borough by an exchange, commissary, or ship's stores operated by one of the uniformed services of the United States.

Line 5(b). Cigarettes or other tobacco products are exempt if federal laws prohibit the levying of the tax on the product by the borough.

Line 5(c). Cigarettes or other tobacco products are exempt if brought into the borough for sale outside of the borough. You must maintain sufficient documentation to verify the sale outside the borough, the wholesale price, and shipping for the tobacco products.

**LINE 6 – SUBTOTAL EXEMPTIONS**

Add all adjustments from lines 5(a) through 5(c) on line 6.

**LINE 7 – TOTAL TAXABLE SALES**

Subtract line 6 from line 4.

**LINE 9 – CALCULATE TAX**

Multiply the number of packs on column 1 of line 7 by \$2. Enter the result on column 1 of line 9.

Multiply column 2 of line 7 by 45%. Enter the result on column 2 of line 9.

**LINE 10 – CREDIT FOR CITY TOBACCO TAX PAID**

You are allowed a credit to the extent a tobacco excise tax was paid to a municipality within the borough. The City of Kotzebue currently imposes such a tax.

The amount of such credit is limited to:

- One dollar per pack for each pack of cigarettes brought into or acquired in the borough.
- Twenty-two and one-half percent of the wholesale price of other tobacco products brought into or acquired in the borough.

*Example. Distributor imports snuff for sale in the City of Kotzebue. The wholesale price for the snuff is \$100. The City's tax is 55 percent of the wholesale price—or \$55. The Northwest Arctic Borough imposes a tax of 45 percent of the wholesale price of "other tobacco products," including snuff—or \$45. The credit would then reduce the amount of borough tax by 22.5 percent. Distributor would owe the borough tax of \$22.5 (\$45 - \$22.5).*

**LINE 11 – TOTAL EXCISE TAX**

Subtract Line 10 from Line 9.

**LINE 12 – TOTAL EXCISE TAX DUE**

Add columns 1 and 2 from line 11.

**LINE 13 – LATE PAYMENT PENALTY**

The penalty is 6 percent of the unpaid tax if you fail to pay the full amount of tax due within 7 days following its due date.



If you fail to pay the tax due within 16 days of the due date, the 6 percent penalty shall increase to 15 percent.

**LINE 14 – LATE RETURN PENALTY**

The penalty is 6 percent of the taxes due if you fail to file a tax return within 7 calendar days following its due date under this chapter.



If you fail to file within 16 days after the due date, the 6 percent penalty shall be increased automatically to 15 percent.

**LINE 15 – INTEREST**

In addition to any penalties, interest at the rate of 12 percent per year (1 percent per month) is charged on the unpaid balance of delinquent taxes.



*What if you need help?* If you need help computing penalties and interest, please call the Finance Department at (907) 442-2500.

**LINE 16 – PRIOR PERIOD ADJUSTMENTS**

Enter any prior period adjustments, such as any overpayments and underpayments for prior tax periods.

**LINE 17 – PRIOR PERIOD ADJUSTMENTS**

Sum lines 12 through 16. Enter the total on line 17. This is your total amount due with the return.

Make checks payable to the Northwest Arctic Borough.

**SIGN AND DATE**

Returns must be signed by a firm member, owner or agent. The Finance Department will return unsigned returns for signature and may assess a late filing fee.