

Tax Rates

Cigarette Tax

\$1.53 per pack for 20-stick packs

\$1.92 per pack for 25-stick packs

Other Tobacco Products Tax

35% of the wholesale purchase price

State & Local Sales Tax

Retail sales of cigarettes and other tobacco products are subject to the 4.2% state sales tax rate plus the municipal general rate in addition to any cigarette or tobacco tax.

Pricing

State law sets a minimum price for cigarette sales. Generally, the minimum price is the price the retailer paid the distributor/wholesaler plus 8%.

Packaging

Cigarettes must be sold in the manufacturer's unopened package of 20 or 25. Cigarettes may not be sold individually, i.e. by the single stick.

Registration

Each location selling cigarettes/tobacco needs to be registered with the Department. There is no fee, no extra taxes, and no extra filing or reporting requirements for this registration. The registration works in conjunction with your sales tax license. If your business ceases selling tobacco products, contact the Department at 1-800-829-9188.

Definitions

Other Tobacco Products (OTP)

All tobacco products, except cigarettes.

Roll-Your-Own (RYO)

Loose-leaf tobacco used to make your own cigarettes. RYO is an Other Tobacco Product for taxation purposes. However, for the reporting requirements of the Master Settlement Agreement, it is considered a cigarette.

Master Settlement Agreement (MSA)

This is the agreement that resolved the lawsuits between many states and the largest tobacco companies. The companies agreed to pay all of the settling states money every year to compensate the state for tobacco related illnesses.

Non-Participating Manufacturer (NPM)

This is a company that did not participate in the MSA. These companies are required to place money into an escrow account for each pack of cigarettes and each ounce of RYO that they sell. The money will be used to ensure payment of future claims for damages, and ensures the NPMs do not have an unfair competitive advantage over the PMs.

Participating Manufacturer (PM) One of the companies that settled the claims against it, and agreed to pay the states yearly damages as well as abide by certain market restrictions.

Fire-Standard Compliant (FSC) Cigarettes tested that meet established standards for reduced ignition propensity.

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Information for

Cigarette and Tobacco Retailers

The Department of Revenue is responsible for collecting the cigarette excise tax, the other tobacco products tax, and regulating brands of cigarettes and roll-your-own sold in South Dakota.



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Fax 605-773-6053
<https://dor.sd.gov>

What Can We Do For You Today?

Cigarette and Tobacco Retailers

Businesses that sell cigarettes and other tobacco products at retail must:

- Be **registered** with the Department of Revenue
- Sell only **certified brands** of cigarettes and roll-your-own (RYO)
- Ensure every pack of cigarettes offered for sale is stamped with the South Dakota **tax stamp**
- Purchase tobacco products from **distributors and wholesalers** licensed by the State of South Dakota and maintain records to show this
- Not ship cigarettes or tobacco products **direct to consumers** in this state
- Follow **minimum pricing** guidelines
- Only sell cigarettes in the manufacturer's unopened **package**.
- Not sell tobacco or vaping products to anyone **under 21**
- Cigarette Discounts-Coupons applicable sales taxes: Information at <https://dor.sd.gov/media/3i3dhimt/tax-fact-gross-receipts.pdf>

Certified Brands

Following the signing of the Master Settlement Agreement, the State of South Dakota enacted statutes requiring tobacco manufacturers to annually certify their brands of cigarettes and RYO to sell in this state. The Department maintains a directory of certified cigarette and RYO brands on its website. Only certified brands of cigarettes and RYO can be sold in this state. Any brands not on the certified tobacco brands directory will be seized.

South Dakota Tax Stamp

South Dakota uses a heat-applied tax stamp. The stamp contains the words "South Dakota", a serial number, and specifies either 20 or 25 cigarettes. Currently the tax stamps are purple for 20-stick packs, and pink for 25-stick packs. These stamps have invisible security features, which can be verified with special scanning equipment.

Licensed distributors purchase and affix the South Dakota tax stamp to each pack of cigarettes they sell into this state. The stamp is proof the tax has been paid. Packs without a South Dakota tax stamp, or that have another state's tax stamp, will be seized. Before shelving packs of cigarettes for sale, check the bottom of the packs to be certain they bear the SD tax stamp. If they do not, return them to your supplier; DO NOT sell them.

Inspection of Premises

The Department of Revenue may examine the books, papers, and records of any dealer in this state, for the purpose of determining whether the tax on cigarette and other tobacco products has been fully paid, and may investigate and examine the stock of cigarettes or tobacco products in or upon any premises where the cigarettes or tobacco products are possessed, stored, or sold. The Department may make the inspections and examinations at any time during ordinary business hours, and may inspect at the times the premises and all desks, safes, vaults, and other fixtures and furniture contained in or upon the premises for the purpose of ascertaining whether cigarettes or tobacco products are held or possessed. Each dealer shall keep documents establishing that the cigarettes and tobacco products in the dealer's inventory were purchased from a

distributor or wholesaler licensed by the State of South Dakota. The documents shall be kept for at least three months. If the documents are not stored at the dealer's registered location, the documents shall be made available in physical or electronic form to the secretary within five business days of the receipt of the request from the secretary. (SDCL 10-50-41)

Purchase from Licensed Distributor or Wholesaler

State law requires retailers to purchase tobacco products only from distributors and wholesalers licensed by the State of South Dakota. This ensures the tobacco taxes are paid and the NPM sales reported.

RYO Machines

Effective July 1, 2012, any person that maintains or provides a machine at a retail establishment that enables any consumer to process tobacco or any product that is made or derived from tobacco into a roll or tube is deemed to be a manufacturer of cigarettes under South Dakota state law, regardless of whether a fee is charged for the use of the machine or whether tobacco products are sold at the establishment. Compliance with statutes pertaining to cigarette taxation and regulation is required. Compliance with FSC laws is required by July 1, 2014.