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ARIZONA LUXURY TAX NOTICE LTN 16-03

New Discount Rates for Tobacco Tax Stamps and the Provision of Administrative Allowances for Certain Stamps

Arizona Revised Statutes (A.R.S.) § 42-3458 was recently amended to provide new discount rates for tax stamp purchases, new rebate amounts for red stamps, and a new “administrative allowance” for purchases of tax stamps with a face value of zero. Changes to A.R.S. § 42-3458 and their corresponding effective dates are as follows:

Beginning August 6, 2016:

- 1) Rebate amounts will be calculated based on a red stamp’s full face value regardless of the purchase date and any discounts applied at the time of purchase. The new rebate amount applies only to rebate requests submitted on or after August 6, 2016.

Beginning October 1, 2016:

- 1) The new discount rate for tax stamp purchases is 3.52% (previously 4%) of a stamp’s face value. The new rate applies to stamp purchases made on or after October 1, 2016.
- 2) A tobacco distributor is entitled to receive an administrative allowance of 3.52 cents for each green or yellow stamp purchased on or after October 1, 2016, provided the distributor properly affixes the stamp and reports the affixation of such stamp to the Arizona Department of Revenue. The total allowance amount will be calculated from the distributor’s filed return and credited to their account.

Refund and redemption amounts for tax stamps continue to be calculated based on a stamp’s actual purchase price (*i.e.*, full face value minus any discount received at the time of purchase). Therefore, the refund or redemption amount for any stamp purchased on or October 1, 2016 will be 96.48% of the stamp’s face value (100% minus 3.52%).

If you have any questions regarding this notice, please feel free to contact the Tobacco Tax Unit at (602) 716-7808.

Explanatory Notice: The purpose of a tax notice is to provide general guidance to assist taxpayers in becoming familiar with Arizona tax laws. Relevant statute, case law or administrative rules, as well as a subsequent notice, may modify or negate any or all of the provisions of any tax notice. In the case of inconsistency or omission in this notice, the language of the Arizona Revised Statutes and the Arizona Administrative Code will prevail. Please see General Tax Ruling (“GTR”) 08-1 for more detailed information regarding documents issued by the Department of Revenue. GTR 08-1 is available online on the Department’s website at <https://www.azdor.gov/LegalResearch/Rulings.aspx>.
