

**City of Omaha  
Tobacco Dealers  
Occupational Privilege Tax**

**The City of Omaha enacted an occupation tax on tobacco dealers effective January 1, 2013. The tax ordinance is found in Chapter 12, Article VII, of the Omaha Municipal Code. This tax must be remitted monthly, unless otherwise notified, and can be filed manually or electronically. The following questions and answers are being provided solely to help you to plan for, collect, and remit the tax as enacted. Nothing in these questions or answers changes the obligations stated in the ordinances and you should review those ordinances to determine your tax obligations.**

**1. Who is subject to the tobacco dealers' tax?**

*Your business is subject to this tax if you are a tobacco/ Vape dealer engaged in the retail sale of tobacco products, electronic nicotine delivery systems (ENDSs), ENDS components and parts subject to the tax.*

**2. What sales are used to determine the tobacco dealers' tax?**

*The amount of your tax depends on the extent to which you engage in this occupation in the City. That is measured by your gross receipts for the retail sale of tobacco products. Tobacco products subject to the tax includes cigarettes, cigars, cheroots, stogies, periques, granulated, plug cut, crimp cut, ready rubbed, and other smoking tobacco, snuff, snuff flour, Cavendish, plug and twist tobacco, fined cut and other chewing tobacco, shorts, refuse scraps, clippings, cuttings and sweepings of tobacco, and anything containing tobacco or any other kinds and forms of tobacco, prepared in such manner as to be suitable for either chewing, smoking in a pipe, chewing and smoking, or inhaling and snorting through the nose. Receipts from sale of pipes and rolling papers are included in the tax base.*

*Effective December 3<sup>rd</sup> 2019 Electronic (tobacco-free) cigarettes or any other nicotine delivery device providing for the ingestion of nicotine into the body are subject to the tobacco tax excluding FDA approved tobacco cessation products.*

**3. How much is the tax?**

*The tax is 3% of the total gross receipts for tobacco products.*

**4. How does my business file the tax?**

*The return and associated tax may be filed either online or manually through the submission of the Tobacco Tax Form. The tax may be paid online via ACH or Credit Card, or when filing manually, via check.*

**5. When is the return due?**

*For Vape stores the first return is due January 31<sup>st</sup> 2020. Returns are due monthly by the last day of the month following the month in which the tax is collected. Returns postmarked by the last day of the month will be considered timely filed. If the last day falls on a holiday or week-end, the next business day will be the due date. The form and a check for the full amount should be mailed to the address listed on the form (1819 Farnam Street, Room H10, Omaha, NE 68183). If paying online, a credit card payment or e-check payment made by the last day of the month is considered paid timely.*

**6. How is the tax calculated?**

The tobacco tax is calculated on the gross receipts. The Nebraska Sales & Use Tax is calculated on the gross receipts **plus** the tobacco tax:

Example:	Retail Price – Package of Cigarettes	\$5.20
	3% Tobacco Tax	<u>\$0.16</u>
	Total Cost of Cigarettes	\$5.36

	Total Cost of Cigarettes	\$5.36
	7% Sales Tax	<u>\$0.38</u>
	Total Cost to Customer	\$5.74

Amount Remitted to the State of Nebraska for Sales Tax \$0.38

Calculation of Amount Remitted to the City of Omaha for Tobacco Tax

	3% Tobacco Tax	\$0.160
	Less: Collection Fee of 2%	\$0.003
	Amount Remitted to City of Omaha	\$0.157

**7. How does a business know if they are to pay the tax on a monthly or quarterly basis?**

The tobacco tax is due on a monthly basis. Businesses may apply (in writing) for permission to pay the tax on a quarterly basis. Requests should be mailed to:

City of Omaha Finance Department  
 ATTN: Tobacco Tax  
 1819 Farnam Street, Suite 1004  
 Omaha, Nebraska 68183

The Finance Director will respond (in writing) if he/she consents to the quarterly payments. Until such time as written consent is received by the business, the tax will be due monthly.

**8. What happens if the business pays their tax late?**

Tax is due the last day of the month following collection (January tax is due February 28<sup>th</sup>). The tax must be paid online by the due date or if mailed, must be postmarked by the due date in order for the tax to be considered paid on time.

If the tax is filed late, a 10% penalty will be assessed and a 1% interest charge will be assessed for each month or part of a month that the tax is overdue.

**9. How do we know if we are considered a Tobacco Dealer?**

*Tobacco dealer is defined as any person engaging in the retail sale of tobacco products or keeping of tobacco products for retail sale who is subject to the licensing requirement of this article and/or the requirements of Neb. Rev. Stat. 28-1420 through 28-1424.*

*Legislative Bill 397 (LB 397) amended the definition of “cigarette” for Nebraska cigarette tax purposes. As of September 1, 2019, the definition of a “cigarette” has been expanded to include any product that contains nicotine and is intended to be burned or heated under ordinary conditions of use and contains: (a) Any roll of tobacco wrapped in paper or in any substance not containing tobacco; (b) Tobacco, in any form, that is functional in the product, which because of its appearance, the type of tobacco used in the filler, or its packaging, is likely to be offered to, or purchased by, consumers as a cigarette; or (c) Any roll of tobacco wrapped in any substance containing tobacco which because of its appearance, the type of tobacco used in the filler, or its packaging, is likely to be offered to, or purchased by, consumers as a cigarette.*

**10. If I have other questions, who can I contact?**

*Questions should be directed to the City of Omaha Finance Department at 444-4945 or 444-5472. You can also find information regarding the tobacco tax on the City of Omaha Finance Department website at <http://www.cityofomaha.org/finance>.*