



Form
OTP-M
State Form 46853
(12-11)

Indiana Department Of Revenue
Other Tobacco Products Monthly Return
(317) 615-2710

For Department Use Only	
Date Received:	
Received By:	

This Return Must Be Filed Each Month Within 15 Days Of The Last Day Of The Month Being Reported

Name of Company	Federal ID Number	License #	Month and Year of Return
Taxpayer ID Number	E-mail Address		

Mail Completed Form to:
Indiana Department of Revenue
P.O. Box 901
Indianapolis, IN 46206-0901

Taxable Tobacco

1. Purchases/Shipments Of Tobacco Products (From OTP-Schedule 1 Category A)

(A) Tobacco Products (wholesale price)	(B) Moist Snuff (ounces)
\$	

Deductions

2. Tobacco Products Shipped Out-Of-State (From OTP-Schedule 1 Category B)
3. Tobacco Products Returned To Manufacturer (From OTP-Schedule 1 Category C)
4. Sales To Federal Government (From OTP-Schedule 1 Category D)
5. Tax Paid Purchases (From OTP-Schedule 1 Category E)
6. Untaxed Sales To Indiana Distributor (From OTP-Schedule 1 Category F)
7. Bad Debt Deduction (From OTP-Schedule 3)
8. Total Deductions (Sum Of Lines 2-7)
9. Taxable Tobacco After Deductions (Line 1 Minus Line 8)

\$	
\$	
\$	
\$	
\$	
\$	
\$	
\$	

Tax Due

10. Tax On Tobacco Products Per Column (Multiply Line 9A X .24, Multiply Line 9B X .40)
11. Total Tax On Tobacco Products (Sum Of Line 10A And 10B Column Totals)
12. Less Collection Allowance (Multiply Line 11 X .006. Only Allowed If Timely Filed.)
13. Tax Due Or Refund (Line 11 Minus Line 12)
14. Penalty (10% Of Tax Due Or \$5.00 Whichever Is Greater If Filed Late)
15. Interest (At Current Rate)
16. Total With Penalty And Interest (Sum Lines 13, 14, & 15 If Applicable)
17. Refund Claimed
18. Total Remittance (Attach Check Or Money Order)

\$	\$
\$	
\$	
\$	
\$	
\$	
\$	
\$	

I hereby declare under penalties of perjury that the information contained in this return, including accompanying schedules and statement, is true, correct, and complete to the best of my knowledge and belief.

Signature Of Taxpayer Or Agent		Printed Name Of Taxpayer Or Agent	
Title	Telephone Number	Date	

Instructions for OTP-M Other Tobacco Products Monthly Return

Legal/Policy Information

IC 6-7-2

Sec. 7. (a) A tax is imposed on the distribution of tobacco products in Indiana at the rate of:

(1) twenty-four percent (24%) of the wholesale price of tobacco products other than moist snuff; or (2) for moist snuff, forty cents (\$0.40) per ounce, and a proportionate tax at the same rate on all fractional parts of an ounce. If the tax calculated for a fractional part of an ounce carried to the third decimal place results in the numeral in the third decimal place being greater than four (4), the amount of the tax shall be rounded to the next additional cent.

IC 6-7-2

Sec. 5. As used in this chapter, "tobacco product" means:

- (1) any product made from tobacco, other than a cigarette (as defined in IC 6-7-1-2), that is made for smoking, chewing, or both; or
- (2) snuff, including moist snuff.

Sec. 2.1. As used in this chapter, "moist snuff" means any finely cut, ground, or powdered tobacco that is not intended to be:

- (1) smoked; or
- (2) placed in the nasal cavity.

Sec. 6. As used in this chapter, "**wholesale price**" means the price at which the **manufacturer** of the tobacco products sells tobacco products to distributors, excluding any discount or other reduction.

The Department's position is that temporary reduction or discounts for the purpose of promoting certain tobacco products are deductible from the original price in determining the "wholesale price" of tobacco products if the finished tobacco product(s) container is prepackaged indicating a monetary discount. The "wholesale price" for other tobacco products prepackaged in multiple units is the actual price paid and not on an imputed cost based on the manufacturer's price per single unit. Purchase discounts, quantity discounts, trade discounts or any other reduction are not deductible when determining the "wholesale price" of tobacco products for purposes of imposing the Other Tobacco Products Tax.

Line 1 – Purchases / Shipments

Moist Snuff products are reported in ounces. All other tobacco products are reported at wholesale price.

Resident distributors will report the wholesale price of all purchases of tobacco products excluding moist snuff for the period being reported and enter this total for column A. Resident distributors will report the number of ounces of all purchases of moist snuff and enter this total for column B.

Non-Resident distributors will report the wholesale price of all shipments of tobacco products excluding moist snuff into the state for the period being reported and enter this total in column A. Non-Resident distributors will report the number of ounces of all shipments of moist snuff into the state and enter this total for column B.

The purchase/shipment date to be reported is the date of invoice. All purchases/shipments are to be itemized using Schedule 1 Category A. If a distributor previously deducted a receivable under line 5 and subsequently collects all or part of that receivable, the distributor shall include the amount collected as part of the distributor's wholesale purchases/

shipments for the particular reporting period in which the distributor makes the collection.

Line 2 – Tobacco Products Shipped Out-of-State

Resident Distributors will receive a deduction for the wholesale price/number of ounces of tobacco products that were shipped out-of-state.

The date to be used for reporting is the date of the invoice. This deduction is to be itemized using Schedule 1 Category B.

Line 3 – Tobacco Products Returned to Manufacturer

Resident distributors will receive a deduction for the wholesale price/number of ounces of tobacco products that were returned to the manufacturer from whom they purchased.

The date to be used for reporting is the date of the credit memo. Returns are to be itemized using Schedule 1 Category C.

Line 4 – Tobacco Products Sold to Federal Government

All distributors will receive a deduction for sales to the federal government located within the state of Indiana.

The date of sale to be used for reporting is the date of the invoice. All sales to the federal government are to be itemized using Schedule 1 Category D.

Line 5 – Tax Paid Purchases

Resident Distributors will deduct the wholesale price/number of ounces of purchases claimed on Line 1 where the seller (Licensed Indiana Distributor) paid the tax.

Note: These purchases must have first been included and itemized on line 1. A separate itemization must be shown for this line.

The purchase date to be used for reporting is the date of invoice. All deductions for line 5 are to be itemized using Schedule 1 Category E.

Line 6 – Untaxed Sales to Indiana Distributor

Non-Resident Distributors will deduct the wholesale price/number of ounces of shipments claimed on Line 1 where the purchaser (Licensed Indiana Distributor) will pay the tax.

Note: These shipments must have first been included and itemized on line 1. A separate itemization must be shown for this line.

The shipment date to be used for reporting is the date of invoice. All deductions for line 6 are to be itemized using Schedule 1 Category F.

Line 7 – Bad debt

Distributors are allowed a deduction for the taxes on uncollectible sales. The deduction can be claimed by attaching Schedule 3 with the monthly return.

IC 6-7-2-14.5

(3) The deduction shall be claimed on the return for the period during which the receivable is written off as uncollectible in the claimant's books and records and is eligible to be deducted for federal income tax purposes.

Line 8 – Total Deductions

Sum Lines 2-7 and enter total for each column.

Line 9 – Taxable Tobacco After Deductions

Subtract Line 8 from Line 1 and enter total for each column.

Line 10 – Tax on Tobacco Products Per Column

Multiply Line 9A by .24 and enter total for column A. Multiply Line 9B by .40 and enter total for column B.

Line 11 – Tax on Tobacco Products/Refund

Sum the totals of the two columns for line 10 and enter total. If the number is negative a refund is due.

Line 12 – Collection Allowance

Multiply line 11 by .006 and enter the total. This allowance is available only if the return has been filed by the due date. Note: This total reduces both a required tax payment and a refund you may be due.

Line 13 – Tax Due or Refund

Subtract Line 12 from Line 11 and enter total.

Line 14 – Penalty

If your return is late, you are assessed a late fee. The late fee is 10% of the tax due or \$5.00 whichever is larger. Enter the larger amount.

Line 15 – Interest

If your return is filed late you owe interest from the date the payment was due. Enter the amount of interest due.

Line 16 – Total with Penalty and Interest

Sum lines 13-15 and enter total.

Line 17 – Refund Claimed

Enter the amount of the refund you are due.

Line 18 – Total Remittance

Enter the amount being remitted to the department. This should match the total on Line 13.

ALL SUPPORTING INFORMATION IS TO BE LISTED ALPHABETICALLY BY SELLER/CUSTOMER, THEN IN ASCENDING ORDER USING THE INVOICE/CREDIT MEMO DATE

Supporting Schedule Information

OTP-Schedule 1

This schedule will be used by all Indiana licensed distributors. Distributors will place an X next to the category being reported.

A separate schedule 1 will be used for each category.

Distributors will separate "Tobacco Products" (all but Moist Snuff) and Moist Snuff, and sum totals for each column. This information will be carried forward to the OTP-M return.

Identification Number:

The identification number is the Federal Identification Number of the company/person you are transacting business with. If the person does not have a Federal Identification Number then use the person's Social Security Number.

OTP-Schedule 2

This schedule is required only for Indiana resident distributors. Resident distributors will provide **monthly totals** of all tobacco products sold by customer to Indiana residents. Distributors will report in separate columns "Tobacco Products" (all but Moist Snuff) and "Moist Snuff".

Identification Number:

The identification number is the Federal Identification Number of the company/person you are transacting business with. If the person does not have a Federal Identification Number then use the person's Social Security Number.

OTP-Schedule 3

Schedule 3 should be completed when you have a bad debt to be deducted from Other Tobacco Products Receipts. "Bad Debt" means the taxes attributable to any portion of a debt that is related to a sale of tobacco products subject to tax under Article 6-7-2-7 that is not otherwise deductible or excludable, that has become worthless or uncollectible in the time period between the date when taxes accrue to the state for the present return, **and that is eligible to be claimed, or could be eligible to be claimed if the licensee kept accounts on an accrual basis, as a deduction pursuant to section 166 of the Internal Revenue Code.** A bad debt shall not include any interest on the wholesale price of a tobacco product, uncollectible amounts on property that remains in the possession of the licensee until the full purchase price is paid, expenses incurred in attempting to collect any account receivable or any portion of the debt recovered, any accounts receivable that have been sold to a third party for collection, and repossessed property.

The completed Schedule 3 must include all information requested or the deduction will be denied.

Column A - Identification Number: Provide the identification number of the company from whom you purchased the tobacco product that corresponds to the product that was sold and became uncollectible. The same rules apply for the identification number as they did for OTP-Schedule 1.

Column B - Invoice Number: Provide the invoice number of the product purchased that corresponds to the product that was sold and became uncollectible.

Column C - Date: Provide the date of the invoice.

Column D – Month/Year Tax Was Paid On Monthly Return:

Provide the month and year of the return in which the product purchased on the invoice stated in column B was reported.

Column E - Identification Number: Provide the identification number of the company to whom the product was sold. The same rules apply for the identification number as they did for OTP-Schedule 1.

Column F - Invoice Number: Provide the invoice number of the sale.

Column G - Date: Provide the date of the invoice.

Column H - Date Written Off as Uncollectible: Provide the date the uncollectible amount was written off per your books.

Column I - Amount: Provide the amount written off as uncollectible.

Column J - Wholesale Price: Provide the wholesale price of the product that was deemed uncollectible (This is the amount you paid for the product, not what you sold it for). All Tobacco Products purchased prior to January 1, 2012 will be reported as Tobacco Products. Products purchased on or after January 1, 2012 will be categorized as Tobacco Products (all but Moist Snuff) or Moist Snuff.

Column K - Number of Ounces: For Moist Snuff purchased on or after January 1, 2012 provide the number of ounces of product that was deemed to be uncollectible.

Column L - Tax Rate: Provide the tax rate you paid for the uncollectible product. A table has been provided on the form for your convenience.

Column M - Uncollectible Tobacco Products Tax: Multiply the wholesale cost or the number of ounces by the appropriate tax rate and enter the total(s).

Total Deduction:

Total Bad Debt Deduction: Sum the totals for each category of the Uncollectible Tobacco Products Tax Column and enter totals here and on lines 7a & 7b of the monthly return.

NOTE: If all requested information is not provided for all returns and schedules, your return will be considered as received incomplete and will result in a reduction of your collection allowance. In addition, you will jeopardize your license status, including suspension, revocation, or denial of renewal.

Please note that the following additional information must be available upon request:

1. A copy of the original invoice that supports each of the bad debts listed above as well as copies of complete returns with schedules.
2. Evidence that the tobacco product was delivered to the purchaser (e.g. a bill of lading signed by the purchaser).
3. Evidence that the purchaser of the tobacco product did not pay the licensee and that the licensee has used reasonable collection practices to collect the debt. (Proof of reasonable collection practices includes copies of delinquency letters, invoices showing past due amounts, and/or copies of US Certified Mail cards showing the person signed for the letter/invoice and /or refused to accept the letter/invoice)

Note: The delivery of tobacco products to a purchaser who is delinquent on a previous delivery of tobacco products may result in the department requiring additional evidence that the licensee used reasonable collection practices to collect the debt.

4. Explain why you decide the debt was worthless. For example, you could show that the borrower had declared bankruptcy, or that legal action to collect would probably not result in payment of this debt.
5. A complete copy of the OTP tax returns and details that pertain to this deduction for the period the tax was paid. Failure to provide this information if requested could result in an assessment for the amount of the deduction previously received.