



KENTUCKY DEPARTMENT OF REVENUE

Retail Distributors

Filer Guide

Date

Version 2.0

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Filing Information

General

This guide is published to accompany the Kentucky Department of Revenue's tobacco tax electronic filing (e-file) program. It contains general information directed to the specific Kentucky license type. In order to successfully file a Kentucky tobacco return, the filer must adhere to the required electronic file format, as well as the rules, procedures, and technical requirements. See the website for additional information and resources. [Kentucky DOR Tobacco and Vapor Products](#)

State Contact

Questions regarding the e-filing program should be directed to the Tobacco Tax Section between the hours of 8:00 a.m. and 5:00 p.m., Eastern Time, Monday through Friday, except for holidays, by utilizing one of the following options:

- Phone: (502) 564-6823; select option 2
- Internet: [Tobacco and Vapor Products Tax - Department of Revenue \(ky.gov\)](#)
(select "[Send us a message](#)")

Program Overview

The Kentucky e-filing program for tobacco returns is based on an extensible markup language (XML) electronic data interchange (EDI) schema format. The group responsible for developing and maintaining this XML schema is the Federation of Tax Administrators (FTA) Tobacco Tax Uniformity Committee. The adoption of a national standard for electronic filing enables filers to easily deploy electronic filing in all states in which they do business.

The XML schema has two main sections; the first is for the account details, and the second is for the transaction details.

- The account detail section contains information that pertains to the entire document, including the filing date, company name, address, filing period, license number, contact information, and so forth.
- The transaction detail section contains information that pertains to purchases and sales of tobacco and vape products.

Updates to the guide or the schema will be posted for download on the following Web site: [Tobacco and Vapor Products Tax - Department of Revenue \(ky.gov\)](#).

Persons Required to File Electronically

All cigarette and tobacco licensees, manufacturers, and suppliers **must file electronically**. Kentucky Revised Statutes (KRS) 138.195(9)(a) states, "The department may by administrative regulation require any person requesting a license or holding a license under this section to

supply such information concerning his business, sales or any privilege exercised, as is deemed reasonably necessary for the regulations of such licensees, and to protect the revenues of the state.” The Department enacted the administrative regulation 103 KAR 41:220 requiring e-filing beginning January 2020. The only exception is by waiver granted under the provisions of KRS 131.250 due to lack of internet access, computer hardware or other rare circumstance determined by the Department.

XML is the filing standard for data transmission defined later in this document. Payments must also be transmitted electronically in a manner prescribed by the Department.

Failure to comply with these statutes may result in the revocation of license(s) and/or additional penalties. The taxpayer must contact the Tobacco Tax Section to be able to begin e-filing. Taxpayers having trouble e-filing and/or submitting payment should contact the state tax representative listed in this document.

Responsibilities

It is the filer's responsibility to:

- successfully send the XML file to the Kentucky Excise Tax System (KyETS)
- ensure the XML file is without errors (allowing it to be loaded into the KyETS)
- fix electronic filing issues detected by the KyETS
- view their returns once electronic filing issues are resolved
- adjust any schedule transactions correcting any errors
- submit and sign their return once it is ready, and
- pay any tax due to Kentucky.

Timely Filing

To be considered timely, all monthly returns/reports must be filed on or before the 20th day of the month following the month in which the transaction took place. If the 20th falls on a weekend or holiday, returns are due the following Monday or the day after the holiday.

A rejected filing could put the tax filer at risk for having failed to file or failed to file in a timely fashion. Any field that is stated to be "Used" in Kentucky's EDI guide but not provided by the filer will cause a filing to be rejected. Non-accounting data may be designated as "Used" even if it is not essential for the posting of the transaction. Additionally, XML syntax errors, for example, the use of alpha characters in a field designated as strictly numeric can cause an electronic transaction to be rejected.

The DOR requires the following rules be met in order for a filing to be considered timely:

- The electronic document must have enough information to identify the filer.
- The electronic document must be filed in the XML format as designated by Kentucky.

DOR has also provided an Excel Template and XML conversion tool to assist the filers in creating an XML file.

<https://pats.gateway.ui.dor.ky.gov:8443/FileConvertor/FileConvCommon>

- The electronic document must have sufficient information to identify the tax type, calculate the tax liability, and meet the posting requirements of Kentucky (for example, the user must complete all "Used" fields).
- The electronic document must have sufficient information to permit the mathematical verification of the tax liability.
- The return must be received by Kentucky on or before the due date. An "in process" status is not considered received.

Return Details

Retail Distributors are required to report all activity relating to purchases of untaxed tobacco and vape products by the licensee.

Header Information

The header section contains the information about the filer and the return that is being submitted. This includes the following information:

- EIN: The filer's Federal ID Number
- State EIN: The filer's KY Tobacco License Number
- Business Name: Name as it appears on the KY Tobacco License
- Business Address: Physical Address must be provided on Address Line 1
- Business Representative: This should be a contact person that can answer questions regarding the data submitted.
- Tax Period End Date: YYYY-MM-DD

Schedule Transactions

The filer must report all untaxed transactions on this schedule. Filers should include all untaxed transactions that result in receipt of tobacco and vape products that are received from an unlicensed location. The filer must complete the schedule type, as well as information from the transaction document and the transaction detail.

Schedule Type

The schedule type is a required field that describes the transaction. It is important to properly identify the correct schedule to report the transactions on.

Retail Distributors will use the following schedule type codes:

- 1A: This schedule is to report tobacco received from a manufacturer or first importer.
- 1C: This schedule is to report tobacco received from a retailer or end user.
- 2D: This schedule is to report tobacco returned to the manufacturer.

Note: Entries will always be reported with a positive number.

Transaction Document

The filer must provide information available from the transaction document and must include the following fields:

- Date: Format YYYY-MM-DD
- Document Type:
 - Invoice
 - Credit Memo
 - Affidavit
 - Returned Goods Authorization
- Document Number:
 - Invoice Number
 - Credit Memo Number
 - Affidavit Number
 - Returned Goods Authorization Number
- Customer or Supplier Type: Available options
 - Distributor
 - Manufacturer
 - Retailer
 - Subjobber
 - Employee
 - Customer
 - Wholesaler
 - Delivery Seller
 - Native
 - Military
 - Government
 - Inter Branch Transfer
 - Distribution Center
- EIN: FEIN of the supplier or customer
 - If transaction is to an end consumer put 999999999
- State EIN: If the transaction is to a licensee, put their Kentucky license number. In all other cases enter 999999999.
- Business Name: Name of entity sold to or purchased from.
- Address: Physical Address of the business the product was sold to or purchased from.

Transaction Detail

The filer must report details of the transaction including the following information:

- Federal Description:
 - Chewing Tobacco
 - Cigarette Paper
 - Cigarette Tube
 - Large Cigar
 - Pipe Tobacco
 - Roll Your Own
 - Small Cigar
 - Snuff
 - Alternative Nicotine Product
 - E-liquid Product
 - Vapor Product
 - Other
- State Description:
 - KY-DS1: Dry Snuff
 - KY-DS1-MRT1: Dry Snuff Modified Risk Tobacco- issued under 21 U.S.C. 387k(g)(1)
 - KY-DS1-MRT2: Dry Snuff Modified Risk Tobacco- issued under 21 U.S.C. 387k(g)(2)
 - KY-LCGR1: Large cigar – As premium cigar defined in KRS 138.130(13)
 - KY-LL1: Loose Leaf Chewing Tobacco containing less than four (4) ounces of chewing tobacco by net weight.
 - KY-LL2: Loose Leaf Chewing Tobacco containing at least four (4) ounces but not more than eight (8) ounces of chewing tobacco by net weight.
 - KY-LL3: Loose Leaf Chewing Tobacco containing at least eight (8) ounces but not more than sixteen (16) ounces of chewing tobacco by net weight.
 - KY-LL4: Loose Leaf Chewing Tobacco containing more than sixteen (16) ounces of chewing tobacco by net weight.
 - KY-MS1: Moist Snuff
 - KY-MS1-MRT1: Moist Snuff Modified Risk Tobacco- issued under 21 U.S.C. 387k(g)(1)
 - KY-MS1-MRT2: Moist Snuff Modified Risk Tobacco- issued under 21 U.S.C. 387k(g)(2)
 - KY-PL1: Plug Chewing Tobacco containing less than four (4) ounces of chewing tobacco by net weight.
 - KY-PL2: Plug Chewing Tobacco containing at least four (4) ounces but not more than eight (8) ounces of chewing tobacco by net weight.
 - KY-PL3: Plug Chewing Tobacco containing at least eight (8) ounces but not more than sixteen (16) ounces of chewing tobacco by net weight.
 - KY-PL4: Plug Chewing Tobacco containing more than sixteen (16) ounces of chewing tobacco by net weight.
 - KY-SS1: Snus

- KY-SS1-MRT1: Snus Modified Risk Tobacco- issued under 21 U.S.C. 387k(g)(1)
- KY-SS1-MRT2: Snus Modified Risk Tobacco- issued under 21 U.S.C. 387k(g)(2)
- KY-TW1: Twist Chewing Tobacco containing less than four (4) ounces of chewing tobacco by net weight.
- KY-TW2: Twist Chewing Tobacco containing at least four (4) ounces but not more than eight (8) ounces of chewing tobacco by net weight.
- KY-TW3: Twist Chewing Tobacco containing at least eight (8) ounces but not more than sixteen (16) ounces of chewing tobacco by net weight.
- KY-TW4: Twist Chewing Tobacco containing more than sixteen (16) ounces of chewing tobacco by net weight.
- KY-VAP1: Closed vapor cartridge
- KY-VAP2: Open vaping system
- For a full list see of the Kentucky State Description Codes within the [Kentucky Tobacco EDI Guide](#)
- MSA Status: Only for Roll Your Own products
 - OPM
 - SPM
 - NPM
 - PM
 - NPM1
 - NPM2
- Price: Will always be a positive number
- Tax Jurisdiction: This identifies the evidence of tax for tobacco and vape products bought or sold.
 - If tax has been applied to the transaction use the state taxing jurisdiction code applicable. For example: KY, IL, IN, OH, TN, and WV.
 - For untaxed product use the code. UNSTP
 - For a full list see the [Kentucky Tobacco EDI Guide](#)
- Product Description: Describe product in detail
- Manufacturer:
- Manufacturer EIN:
- Brand Family:
- Unit: Lowest number of consumable units in retail package
- Unit Description:
 - Pack
 - Stick
 - Box
 - Eaches
 - Bag
 - Tin

- Foil
- Can
- Bulk
- Tub
- Pouch
- Bundle
- Plug
- Cut
- Bottle
- Jar
- Other
- Weight Volume: Weight or volume of product.
 - Reported in ounces
 - Required for roll your own, pipe tobacco, snuff, and chewing tobacco products
 - All other products enter zero.
- Value: Will always be a positive number
- Quantity: Will always be a positive number
- Stick Count: Only applies for cigar products
- Extended Taxable Amount:
 - This amount is used in the determination of tax
 - The State Description is used to determine how the system reads the extended taxable amount.
 - Based on the type of item sold different tax rates apply.
 - For unit based tax the extended taxable amount is calculated by multiplying the quantity by unit
 - For dollar value based tax the extended taxable amount is calculated by multiplying quantity by dollar value.
 - Will always be a positive number

Delivery Service

As required by Federal PACT Act requirements, if a delivery service is used to deliver the cigarette products the filer must include the required information.

- Name of the carrier
- Federal ID Number of the carrier
- Address information for the destination from where the tobacco and vape products originated from or where the tobacco and vape products were shipped to.
- Contact name and phone number of the carrier

Frequently Asked Questions

How are returns to the manufacturer reported?

- A filer should account for product removed from inventory that is returned to the manufacturer.
- The transaction should be reported with the Schedule Code 2D to designate this transaction.
- It is important for the filer to report the transaction and account for the products removed from inventory in the month that it occurs.
- The filer should identify the transaction by using the appropriate document number associated with the transaction. This includes the credit memo, affidavit number or the returns authorization number.

How the does the filer obtain a FEIN or a state EIN from the vendor or customer?

- A filer is required to identify the entity doing business with by reporting the FEIN and the state EIN. The filer should contact the business to obtain their identification numbers. State EIN numbers are available on our website.
 - [Tobacco and Vapor Products Tax - Department of Revenue \(ky.gov\)](#)

How the does the filer report when the vendor/customer does not have a FEIN or a state EIN?

- When a FEIN or EIN does not exist the filer can enter '999999999' into the data field.

How do I report sales when the product is untaxed?

- Untaxed Transactions are be reported using the appropriate code of UNTAXED for all products to identify those transactions are untaxed.

How do I report sales of little cigars that are stamped with a cigarette tax stamp?

- Transaction of little cigars are reported on the tobacco tax return.

How does the filer create a tax return?

- The user should login into the OneStop account to access the system to file the excise tax return.
- The filer can either manually entering data via web entry or upload a properly formatted XML file.
- The filer is required to report all transactions and inventories.
- The tax return and tax due (if applicable) is prepopulated based on the data inputted.

Is hemp juice taxable in a vapor system?

- Yes, all juice used in a vaping device is taxable at 15%.

Does “in process” mean my tax return has been submitted?

- No, it means that your tax return is ready for you to edit, delete, or review.

Why does my return say I paid on my tax return when it was just a zero return?

- The system is set up to show a zero tax due as a paid return of zero tax paid.

How and when do I need to file my Pact Act?

- The PACT reporting requirement is fulfilled when you submit your monthly online filing for the license you have acquired. All reporting is considered late if it is not submitted by the 20th of the following month.

What is the Pact Act?

- It stands for Prevent All Cigarette Trafficking (PACT) Act.
- This is a Federal Mandated Reporting Requirement.
- If you sell, transfer, or ship for-profit Electronic Nicotine Delivery Systems (ENDS) into Kentucky from outside the state, you are required to register and file monthly reports with the Department of Revenue.
- Also, if you sell, transfer, or ship for-profit cigarettes, smokeless tobacco products, or ENDS in interstate commerce, you must register and file monthly reports with the tobacco tax administrator of the state where the shipment is delivered.
- Current Kentucky filers, who are filing and reporting on sales of vapor products, should not be affected by this federal requirement. The Kentucky electronic filing format captures all data needed for the federal mandated report. Kentucky filers reporting all ENDS products on their tax returns are meeting the Kentucky state filing requirements.

If I buy, vapor products that do not contain nicotine are they taxable? If so, why?

- Yes. All Vaping liquids are taxed at the Open Vaping Tax rate of 15%. This law became effective August 1, 2020.

I am a Retailer located in Kentucky and only purchase from KY licensed Tobacco Distributors and sell only to end consumers in Kentucky. Am I required to have a Retail Distributor license?

- No.

If my supplier or customer does not have a FEIN, can I leave it blank?

- No, use 999999999 in the FEIN field.

The tobacco return requires me to report a unit. What is a unit?

- A filer should report the lowest saleable unit of measure to describe the item being bought or sold.

The following table provides codes for unit, value, and quantity to determine the extended taxable amount when reporting receipts and disbursements.

Example	Federal Description	State Description	Unit	Unit Description	Weight	Value	Quantity	Stick Count	Extended Taxable Amount
Twelve 5 Can rolls of snuff	Snuff	KY-MS1	1	CAN	1.2	\$ 1.37	60	0	60 (Unit * Quantity for KY-MS 1)
One 50 pouch box of snuff	Snuff	KY-MS1	50	BOX	7.4	\$ 11.65	1	0	50 (1 box *50 Units of snuff per tub) - (Unit*Quantity for KY-MS1)
Seven 12oz snuff tubs	Snuff	KY-MS1	8	TUB	12	\$ 6.10	7	0	56 (7 tubs * 8 units of snuff per tub) - (Unit*Quantity for KY-TP1)
One 2-pack cigar	Small Cigar	KY-TP1	1	PAK or FOIL	0	\$ 2.46	1	2	\$2.46 (Value * Quantity for KY-TP1)
Three 2-pack cigar	Small Cigar	KY-TP1	1	PAK or FOIL	0	\$ 2.46	3	6	\$7.38 (Value*Quantity for KY-TP1)
One Cigar	Large Cigar	KY-LCGR1	1	STK	0	\$ 1.23	1	1	\$1.23 (Value*Quantity for KY-LCGR1)
Two Cigar 24 ct box	Large Cigar	KY-LCGR1	1	BOX	0	\$ 54.98	2	48	\$109.96 (Value*Quantity for KY-LCGR1)
Wraps 15 count 2/pk	Other	KY-TP1	1	PAK	1.5	\$ 1.28	15	0	\$19.25 (Value*Quantity for KY-TP1)
One Carton 10pk.20st	Small Cigar	KY-TP1	1	CTN	0	\$ 18.98	1	200	\$18.98 (Value*Quantity for KY-TP1)
Chewing Tobacco Big1 2-3oz pch/box	Chewing Tobacco	KY-LL1	1	PCH	3	\$ 2.60	12	0	12 (Unit*Quantity for KY-LL1)
Chewing Tobacco B2G1 3-6oz pch/box	Chewing Tobacco	KY-LL2	1	PCH	6	\$ 3.36	12	0	12 (Unit*Quantity for KY-LL2)
Chewing Tobacco 16oz pouch	Chewing Tobacco	KY-LL3	1	PCH	16	\$ 10.72	6	0	6 (Unit*Quantity for KY-LL3)
Pipe Tobacco 5lb bag	Pipe Tobacco	KY-TP1	1	BAG or BUL	80	\$ 137.95	1	0	\$137.95 (Value*Quantity for KY-TP1)
Closed Vaping System	Vapor Product	KY-VAP1	1	ECH or OTH	0	\$ 76.32	20	0	20 (Unit*Quantity for KY-VAP1)
Open Vaping System	Vapor Product	KY-VAP2	1	ECH or OTH	0	\$ 46.75	3	0	\$140.25 (Value*Quantity for KY-VAP2)