

Application for Compensation for Certain Upgrades to Cigarette Tax Stamping Technology and Equipment

Issued under authority of Public Act 327 of 1993.

INSTRUCTIONS: Under Michigan law, an eligible stamping agent may be compensated for certain upgrades to technology and equipment that are necessary to affix digital cigarette tax stamps. By law, the amount of the compensation is 0.5% of the tax due on the stamping agent's sales of Michigan-stamped cigarettes each month. See the description on pages 2 and 3 for upgrades to technology and equipment that the Michigan Department of Treasury has determined to be eligible for compensation. The list of eligible upgrades on pages 2 and 3 is not comprehensive, so contact the Tobacco Tax Unit at (517) 636-4630 if you have questions concerning your eligibility for compensation concerning other upgrades to technology and equipment.

PART 1: STAMPING AGENT INFORMATION						
Name of Stamping Agent (include d/b/a if applicable)				Account Number (FEIN, ME, or TR)		
Street Address 1				License Number		
Street Address 2				Daytime Telephone Number		
City		State	ZIP Code	Fax Number		
PART 2: QUALIFICATION FOR COMPENSATION UNDER MCL 205.427(3)(d)						
(a) Have you purchased a digital cigarette tax stamping machine for the primary purpose of affixing Michigan digital stamps to individual packs of cigarettes? <input type="checkbox"/> Yes <input type="checkbox"/> No		(b) If you checked "Yes" in box (a), when was your digital cigarette tax stamping machine implemented? (mm/dd/yyyy)		(c) If you checked "No" under (a), will you affix Michigan digital stamps using a hand stamping machine or device? <input type="checkbox"/> Yes <input type="checkbox"/> No		
PART 3: COMPENSATION FOR UPGRADES TO TECHNOLOGY AND EQUIPMENT						
For each item for which you are seeking compensation, complete the information below. You must attach supporting documentation for all costs for which you are seeking compensation, including copies of itemized invoices. Failure to provide the documentation may result in delay or denial of your request. Attach additional sheets as needed. If you have questions call the Tobacco Tax Unit at (517) 636-4630.						
Description of Item Purchased	Serial Number (if applicable)	Date of Purchase	Cost of Item Purchased	Sales/Use Tax	Shipping (if applicable)	Total Reimbursement Requested
1.						
2.						
3.						
4.						
GRAND TOTAL						
PART 4: CERTIFICATION BY STAMPING AGENT						
<i>I declare under penalty of perjury that the information on this form is true and complete to the best of my knowledge.</i>						
Name of Officer, Member, Partner or Authorized Agent (print or type)						
Signature of Officer, Member, Partner or Authorized Agent					Date	

For assistance contact the Tobacco Tax Unit at (517) 636-4630.

Return completed form and supporting documentation to: Michigan Department of Treasury
Tobacco Tax Unit
PO Box 30474
Lansing, MI 48909

I. ELIGIBLE Upgrades to Technology and Equipment — Reimbursable Expenses (as of September 30, 2014)

1. Hand Stamping Machine (Digital Stamp Only): Manually affixes a digital stamp to cigarette packs where the automated digital stamping machine cannot affix the digital stamp to a particular pack of cigarettes (e.g., irregular size pack) and/or if the stamping agent does not have an automated digital stamping machine.

2. Hand Stamping Equipment (Digital Stamp): A “station” for manually affixing digital stamps (with corresponding scan and data reporting functions) which may consist of the following: (i) UPC & QR compatible scanner; (ii) hand-stamping device (same as Item #1 above); (iii) key board and mouse; and (iv) computer touch screen (with related software). See item 7 in section II below for certain hand stamping equipment that is not eligible for compensation.

3. 220v Electrical Wiring, Connections and Related Installation Costs: 220v electrical service is required to operate automated digital stamping machines.

4. Internet Connection and Related Network: A key part of a digital stamping program is the ability of a digital stamping machine (automated or hand-stamp) to communicate with the State’s/Xerox’s server(s) for data receipt and transmission. (Any connection speed is sufficient for digital stamping so costs for increasing the speed of an existing service are not necessary and thus not an “upgrade” compensable under this section.)

5. Air Compressor: Automated digital stamping machines require dry, pressurized air.

NOTE: Upgrades to technology or equipment will be eligible for compensation provided that (1) the stamping agent has existing related technology/equipment which is being “upgraded,” (2) the costs are directly related to the proper operation of a digital stamping machine, and (3) the costs otherwise meet the statutory requirement under MCL 205.427(3)(d).

II. INELIGIBLE Upgrades to Technology and Equipment — Non-reimbursable Expenses (as of September 30, 2014)

1. Feed/Intake Conveyors or Ramps: Conveyors or ramps used to supplement the intake conveyor/ramp that is part of a stamping machine by moving boxes/cartons of unstamped cigarettes to the stamping machine before stamping. **However, see III below concerning reimbursement for conveyor upgrades for which some stampers may be eligible pursuant to 2014 PA 298.**

2. Takeaway/Outtake Conveyors or Ramps: Conveyors or ramps used to move boxes/cartons of stamped cigarettes from a stamping machine to other operations. **However, see III below concerning reimbursement for conveyor upgrades for which some stampers may be eligible pursuant to 2014 PA 298.**

3. Fireproof Safe for Digital Stamp Storage: Used for securing and storing the rolls of 30,000 digital stamps used in automated digital stamping machines.

4. Cigarette Case Packer: Re-packs cigarette cartons into case boxes or totes after the cigarettes have been stamped. **However, see III below concerning reimbursement for conveyor upgrades for which some stampers may be eligible pursuant to 2014 PA 298.**

5. Automated Case Splitter: Automatically differentiates a 12M (60 carton) case from all others and diverts the correct size box into the splitting station where it is split, and each half is presented with the cut-open side up to the rest of the operation.

6. Other Conveyors: Transport boxes/cartons from one machine to another and from one location to another within the facility. **However, see III below concerning reimbursement for conveyor upgrades for which some stampers may be eligible pursuant to 2014 PA 298.**

7. Hand Stamping Station (Digital Stamp): The part of the “station” for manually affixing digital stamps that consists of the following: (i) table; (ii) rolling cabinet; and (iii) storage safe. See item 2 in Section I for certain hand stamping equipment that is eligible for compensation.

8. Automated Case/Box Cutting Machine: Cuts cigarette case boxes open (e.g., removing the box top) so cartons can be accessed or removed prior to stamping.

9. Packing Tables (In-feed): May be used when unpacking cartons prior to stamping.

10. Angle Tables (Out-feed): May be used to repack cartons after stamps applied.

III. Compensation for Certain Cigarette Case Packers and Conveyors (as of September 30, 2014)

Michigan law was recently amended to provide for reimbursement to stamping agents who purchase cigarette case packers and conveyors **that qualify under the conditions described in the new law**. That law, 2014 PA 298, provides at MCL 205.427(3)(d)(i) – (iii):

Compensation under this subdivision may also be claimed by a stamping agent for the direct costs actually incurred by the stamping agent, as determined by the department and reflected in the net purchase price, for the **initial and 1-time** purchase of case packers or similar machines or conveyors as follows:

(i) Case packers or similar machines to be used **exclusively** to repack cigarette cartons into case boxes after digital stamps have been applied by eligible equipment to the individual packages of cigarettes contained within those cigarette cartons. *Compensation under this subparagraph may only be claimed by a stamping agent if the case packers or similar machines are in addition to, and not a replacement for, 1 or more case packers or similar machines used in connection with cigarette stamping machines which do not use the digital stamp authorized under this act.*

(ii) Conveyors to be used **exclusively** for that portion of a cigarette stamping line that is necessary for and dedicated to cigarette stamping operations using eligible equipment to affix digital stamps to individual packages of cigarettes to be sold in this state. *Compensation under this subparagraph may only be claimed by a stamping agent if the cigarette stamping line served by the conveyors is in addition to 1 or more distinct and existing cigarette stamping lines using stamping machines which do not use the digital stamp authorized under this act and that compensation shall not exceed a total of 50% of the amount reimbursed under subdivision (e) for any particular stamping agent.*

(iii) Compensation under subparagraphs (i) and (ii) shall also include any applicable sales or use taxes paid, and shipping and crating charges actually incurred, by the stamping agent in connection with the purchase, but **shall exclude** any other costs incurred by the stamping agent not otherwise expressly provided for in this subdivision, including, but not limited to, charges for installation and ongoing maintenance. [Emphasis added.]

If you are eligible for compensation under this provision, submit your request on the *Application for Compensation for Purchases of Certain Cigarette Case Packers and/or Conveyors by Eligible Stamping Agents* (Form 5210).