

## **Frequently Asked Questions regarding Quarterly Escrow Payments**

- **What criteria requires a company to make quarterly escrow deposits?**

Oklahoma Tax Commission Rule 710:70-9-4 requires a company to make quarterly escrow deposits if one or more of the following is applicable:

1. A nonparticipating manufacturer has not previously established and funded a qualified escrow fund in Oklahoma; or
2. A nonparticipating manufacturer has not made any escrow deposits for more than one year; or
3. A nonparticipating manufacturer has failed to pay any judgment awarded to the state, including any civil penalty; or
4. A nonparticipating manufacturer sells more than 2,000,000 sticks or 180,000 ounces of roll-your-own product during a quarter.

- **If a company fits into any one of the above categories quarterly escrow payments are required to be made.**

Additionally, all nonparticipating manufacturers shall be required to make quarterly payments if, thirty (30) days prior to the beginning of any quarter, the Attorney General serves a written request upon the Tax Commission, requesting that quarterly payments be required. Such quarterly payments shall be required for every quarter after such notice until such time as the Attorney General notifies the Tax Commission that quarterly payments, in his judgment, are no longer necessary to provide compliance with the escrow requirements of a nonparticipating manufacturer.

- **When are the deadlines for quarterly escrow payments?**

1. Payments for sales occurring in the first quarter, January 1 through March 31, are due April 30 of the same year. The Attorney General's office must receive official notification of the payments no later than May 15 of the same year.
2. Payments for sales occurring in the second quarter, April 1 through June 30, are due July 31 of the same year. The Attorney General's office must receive official notification of the payments no later than August 15 of the same year.

3. Payments for sales occurring in the third quarter, July 1 through September 30, are due October 31 of the same year. The Attorney General's office must receive official notification of the payments no later than November 15 of the same year.
4. Payments for sales occurring in the fourth quarter, October 1 through December 31, are due January 31 of the next year. The Attorney General's office must receive official notification of the payments no later than February 15 of the next year.

- **Are there penalties for not timely complying with the requirement to timely make and report quarterly escrow deposits?**

Yes, among other things, a nonparticipating manufacturer and its brands may be removed from the Oklahoma Directory of Certified Tobacco Manufacturers and Brands by the Attorney General if:

- Required quarterly escrow payments are not timely made in full; or,
- The Attorney General is not timely notified that the quarterly escrow payments have been made in full.