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§11-503.

(a) In a wholesale sale of cigarettes, the presumptive wholesale markup of 5 percent provided for in § 11-501(e) of this subtitle may be reduced by 2 cents for each carton of 200 cigarettes, if:

(1) The cigarettes are not delivered unless their full price is received by the wholesaler at or before delivery; and

(2) The purchaser performs or pays for the cartage cost of the cigarettes to the place of business of the purchaser.

(b) (1) In the absence of satisfactory proof of a lesser aggregate cost of doing business, a vending machine operator or retailer who purchases cigarettes at prices ordinarily invoiced to a wholesaler and who receives the wholesaler's discounts on them shall:

(i) First, add to his basic cost of cigarettes the wholesale markup of 5 percent provided for in § 11-501(e) of this subtitle to cover the cost of doing business as a wholesaler; and

(ii) Then, on the resultant sum, add the retail markup of 8 percent provided for in § 11-501(d) of this subtitle.

(2) If the discount received by the vending machine operator or retailer is less than that ordinarily allowed to wholesalers, the wholesale markup of 5 percent may be reduced by the difference between the discount ordinarily allowed to wholesalers and the discount received by the retailer or vending machine operator.

(c) (1) A wholesaler who sells cigarettes to another wholesaler or to a vending machine operator is not required to include in his selling price the cost to the wholesaler. However, in the absence of satisfactory proof of a lesser cost for the service rendered, the wholesaler shall include in the selling price his basic cost of cigarettes, plus a charge of 1 percent of his basic cost of cigarettes.

(2) If a wholesaler purchases cigarettes from another wholesaler, then, on resale of the cigarettes to a retailer, he is the wholesaler for the purposes of this subtitle.

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