



TO All Pennsylvania Licensed Cigarette Stamping Agents

DATE July 19, 2016

RE Cigarette Floor Tax Return Rev-142

CIGARETTE TAX BULLETIN 16-01

On July 13, 2016, Governor Tom Wolf signed into law Act 84 of 2016 changing the excise tax on cigarettes/little cigars.

Effective August 1, 2016, the Pennsylvania cigarette/little cigar and unstampable little cigar tax rate will change from 8 cents per cigarette to 13 cents per cigarette. Cigarettes/little cigars and unstampable little cigars sold in Philadelphia will change from 18 cents per cigarette to 23 cents per cigarette. As a result, the Pennsylvania cigarette excise tax will change from \$1.60 to \$2.60 per pack of 20 cigarettes/little cigars and from \$2.00 to \$3.25 per pack of 25 cigarettes/little cigars. Stamped cigarettes in Philadelphia will change from \$3.60 to \$4.60 per pack of 20 cigarettes/little cigars and from \$4.50 to \$5.75 per pack of 25 cigarettes/little cigars.

On August 1, 2016, stamping agents, wholesalers, retailers and vending dealers will have on hand cigarettes/little cigars and unaffixed stamps bearing the old rate. To adjust this inventory to the new rate, all agents and dealers must pay a "floor tax" on all Pennsylvania and Philadelphia stamped cigarettes/little cigars on hand as of the close of business July 31, 2016. Cigarette Stamping Agents must pay the floor tax on full and partial rolls of unaffixed cigarette stamps and account for unstamped cigarettes/little cigars as of the close of business July 31, 2016. **Every cigarette licensee must file a return even if the licensee does not have any cigarettes/little cigars in inventory.**

To properly report and remit the floor tax due on your cigarette/little cigar and unstampable little cigar inventory, take an immediate physical inventory of all stamps and stamped and unstamped cigarettes and little cigars held in your possession as of 12:01 a.m. on August 1, 2016. The department will provide a floor tax return the week of July 25, 2016. The floor tax return and additional information will be available on the department's website at www.revenue.pa.gov.

The CSA commission, for the expense of affixing cigarette tax stamps, is being reduced from 0.87 percent to 0.586 percent effective August 1, 2016. CSAs purchasing cigarette tax stamps on a consignment basis may need to increase the bond liability amount by executing and submitting a bond rider to the department at the address below.

NOTE: The department will discontinue selling cigarette tax stamps at 2 p.m. on July 27, 2016. CSA's will be required to file a monthly report for the period beginning July 1, 2016 and ending July 31, 2016.

A copy of the floor tax return must be retained by the licensee for a period of four (4) years. Mail the floor tax return, along with your floor tax payment in the return envelope provided. The Cigarette Dealer Floor Tax Return and payment may be filed any time after August 1, 2016, and must be submitted no later than October 31, 2016.

Credits for unsaleable cigarettes will not be issued by the department until the floor tax return and payment are received and the credit is verified with the appropriate documentation.

Cigarettes documented as "in transit" as of August 1, 2016 will be deemed the property of the shipper. The shipper shall file a return and pay the floor tax by October 31, 2016 (as imposed under 72 P.S. § 8206.1).

Failure to file a floor tax return and pay the floor tax due by October 31, 2016 will result in the imposition of penalties and interest and may result in criminal prosecution pursuant to 72 P.S. § 8276. The department reserves the right to suspend, revoke and/or deny license renewal for failure to file and/or pay floor tax.

For additional information, please visit www.revenue.pa.gov or call the Miscellaneous Tax Section at 717-783-9374.