

MEMO

**TO** Cigarette Dealer Corporate Accounts  
**DATE** Oct. 26, 2009  
**RE** Cigarette Dealer Floor Tax Return (REV-779)

## **CIGARETTE TAX BULLETIN 09-17**

On Oct. 9, 2009, Governor Edward G. Rendell signed into law Act 48 of 2009 raising the excise tax on cigarettes and expanding the definition of cigarettes to include little cigars.

Effective Nov. 1, 2009, the cigarette tax rate increases from 6.75 cents to 8 cents per stick. Therefore, the cigarette excise tax on a pack of 20 cigarettes increases from \$1.35 to \$1.60, an increase of \$0.25 cents per pack, and on a pack of 25 cigarettes the tax increases from \$1.6875 to \$2, an increase of \$0.3125 per pack.

Also beginning Nov. 1, 2009, any person who possesses little cigars in a package similar to a package of cigarettes, containing 20 to 25 little cigars, shall pay a tax at the rate of eight cents per little cigar. Therefore, the tax rate for each pack of 20 little cigars will be \$1.60 and on a pack of 25 little cigars the tax will be \$2.

In order to properly report and remit the floor tax due on your cigarette inventory, it will be necessary to take a physical inventory of all Pennsylvania stamped cigarettes and little cigars held in your possession as of 12:01 a.m. on Nov. 1, 2009. The department will provide a floor tax return form the week of Oct. 26, 2009. The floor tax form and additional information will be available on Revenue's Web site at [www.revenue.state.pa.us](http://www.revenue.state.pa.us).

**NOTE:** This license has been identified as a corporate account (i.e. a central location is used to disburse cigarette taxing information to all subsidiary locations). Corporate filers may elect to file a consolidated return and remittance on behalf of all subsidiary locations. The consolidated return should include a summary report of each subsidiary cigarette license number and the location's inventory subject to cigarette floor tax. The corporate filer is required to maintain a signed copy of the subsidiary location's return at the corporate headquarters. In addition, each subsidiary location is required to maintain a copy of the inventory and the cigarette floor tax return at the business location for inspection. Corporate filers filing consolidated returns are secondarily liable for any floor tax deficiency assessed against subsidiary locations. Should a corporate account choose to allow each subsidiary location to file a cigarette floor tax return (REV-779), filing instructions for filing individual cigarette floor tax returns apply.

For your convenience, a disc containing an Excel spreadsheet is enclosed which lists all subsidiary licensee information and columns to report the floor tax due for each subsidiary location. The spreadsheet will calculate the floor tax due for each location and the grand total amount due. For each location, record the number of packs of cigarettes and little cigars for which cigarette floor tax is owed. Print and mail a hardcopy of the report to the department along with a consolidated cigarette floor tax coupon and check made payable to the PA Department of Revenue, a copy of the report should be maintained for your records.

Failure to file a floor tax return and pay the floor tax due by January 29, 2010 will result in the imposition of penalties and interest and may result in criminal prosecution.

If you have questions, please call the department at 717-783-9374.