



TO: All Pennsylvania Licensed Cigarette Wholesalers, Retailers, and Vending Machine Operators

DATE ISSUED: July 19, 2016

SUBJECT: Cigarette Floor Tax Return Rev-779

CIGARETTE TAX BULLETIN 16-02

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. Therefore, 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, wholesalers, retailers and vending dealers will have on hand cigarettes/little cigars bearing the old rate. To adjust this inventory to the new rate, all 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. Retailers and vending dealers will also be required to pay a floor tax on all unstampable little cigars on-hand as of the close of business July 31, 2016. Every cigarette licensee must file a return even if no cigarettes/little cigars or unstampable little cigars are 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 stamped cigarettes/little cigars and unstampable 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.

As a wholesaler you are responsible for filing monthly reports to the department. Wholesalers 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. Detach the floor tax return coupon and send it 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.

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.