



To: Tobacco Products Licensee

Date: July 26, 2016

RE: Cost to Retailer Increase

CIGARETTE TAX BULLETIN 16-03
Effective August 1, 2016

On July 13, 2016, Governor Tom Wolf signed into law Act 84 of 2016 changing the cost to retailer from six to seven percent.

The “**Cost of the Retailer**” is defined as the basic cost of cigarettes to the retailer plus the cost of doing business in excess of the basic cost of cigarettes. This is expressed as a percentage and applied to the basic cost of cigarettes.

In the absence of filing of satisfactory proof of a lesser or higher cost of doing business by the retailer making the sale, the cost of doing business by the retailer shall be presumed to be seven percent of the basic cost of cigarettes to the retailer.

When a retailer establishes a lesser cost of doing business than the presumptive seven percent cost of doing business, such lesser cost of doing business may be used to compute the cost of the retailer for a period of time no greater than twelve months at the end of which time the cost to the retailer shall be calculated using the presumptive seven percent, unless the retailer again establishes a lesser cost of doing business. Any fractional part of a cent in such cost per carton shall be rounded off to the next higher cent.

If an individual purchases cigarettes for sale at retail from any manufacturer directly and not through a wholesaler, for the purposes of this article, be engaged in the sale of cigarettes as a stamping agent, wholesaler and retailer and as such shall be subject to all mark-up provisions of this article in the order named.

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