



**MEMO**

**TO** All Pennsylvania Cigarette Retailers and Vending Machine Operators

**DATE** 12/15/09

**RE** Cigarette Floor Tax Return - REV-1141

**CIGARETTE TAX BULLETIN 09-20**

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 Jan. 4, 2010, the cigarette tax rate for unstampable little cigars is 8 cents per little cigar.

Retailers and vending machine operators will be required to pay a floor tax on all unstampable little cigars on-hand as of 12:01 a.m. Jan. 4, 2010. In order to properly report and remit the floor tax due on your little cigar inventory, you must take an immediate physical inventory of all unstampable little cigars held in your possession as of 12:01 a.m. on Jan. 4, 2010. Every cigarette dealer must file a floor tax return, REV-1141, even if no little cigars are in inventory.

Please refer to the department's Web site for a list of taxable little cigars.

Also beginning Jan. 4, 2010, cigarette wholesalers will be required to collect from retailers a tax of 8 cents per stick on all unstampable little cigar sales. Retailers that do not pay the tax to the wholesaler will be required to remit the tax directly to the department.

The wholesaler or retailer will be required to remit the tax to the department on the 20<sup>th</sup> day after the end of the month using REV-1142, Unstampable Little Cigar Return, and REV-1144, Schedule L, Unstampable Little Cigars.

If tax was not collected on exempt or out-of-state sales only, you are required to retain a copy of the completed Cigarette Tax Exemption Certificate, REV-1042, for a period of four years.

Enclosed, find a Floor Tax Return (REV-1141). The top portion of the return marked "Retain for your records" is to be retained by the licensee for four years. Detach the floor tax return coupon and send it with your floor tax payment in the return envelope provided. The floor tax return and payment may be filed anytime after Jan. 4, 2010, but no later than Jan. 29, 2010.

Corporate filers may elect to file consolidated returns and remittances on behalf of all subsidiary locations. The consolidated return would include a summary report of each subsidiary cigarette dealer license number and the locations' inventory subject to cigarette floor tax. The corporate filer is required to maintain a signed copy of the subsidiary locations return at corporate

headquarters. In addition, each subsidiary location is required to maintain a copy of the inventory and cigarette floor tax return at the business location for inspection. Corporate filers filing consolidated returns are secondarily liable for any floor tax deficiencies assessed against subsidiary locations. Should a corporate account choose to allow each subsidiary location to file a cigarette floor tax return (REV-1141), instructions for filing individual cigarette floor tax returns apply.

For corporate accounts only, a disc containing an excel spreadsheet is enclosed, which lists all subsidiary licensee information and provides columns to report the floor tax due for each subsidiary location. The spreadsheet will calculate the floor tax due for each location and the total amount due. For each location, record the number of unstampable sticks of little cigars for which the floor tax is owed. Print and mail a copy of the report to the department along with a consolidated cigarette floor tax coupon and check made payable to the PA Department of Revenue. Maintain a copy of the report for your records.

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

For additional information, please visit [www.revenue.pa.gov](http://www.revenue.pa.gov).