



TO Tobacco Licensees

DATE August 5, 2016

RE Tobacco Products, Act 84 of 2016

TOBACCO PRODUCTS BULLETIN 16-04

On July 13, 2016, Governor Tom Wolf signed into law Act 84 of 2016, amending the Tax Reform Code and imposing a Tobacco Products Tax. Act 84 establishes a tax on smokeless tobacco, roll-your-own tobacco, pipe tobacco, and e-cigarettes including the devices and substances that go into the e-cigarettes. The tax on e-cigarettes does not apply to prescription drugs or medical devices used to inhale or ingest prescription drugs, including medical marijuana.

The rate of tax on roll-your-own, pipe tobacco and smokeless tobacco is \$0.55 per ounce. For tobacco products other than e-cigarettes that weigh less than 1.2 ounces per container the tax shall not be less than \$0.66 per package of these tobacco products. The rate of tax on e-cigarettes is 40 percent of the retailer's purchase price from the wholesaler/manufacturer. Wholesalers and manufacturers are required to collect tax from retailers or first point of entry into commerce. A floor tax is imposed on the existing inventory of the retailer as of the effective date of the tax and the return and payment are due within ninety (90) days.

All manufacturers, wholesalers and retailers engaged in commerce in the commonwealth are required to be licensed for the sale of tobacco products. The licensing fees are \$1,500 per location for manufacturers and wholesalers and \$25 per location for retailers and vending machines.

The Act establishes two different effective dates for implementation. The effective date for e-cigarettes, pipe tobacco and smokeless tobacco is October 1, 2016. The effective date for roll-your-own tobacco is sixty (60) days after the publication of a notice by the Attorney General in the Pennsylvania Bulletin that the Attorney General has received consent to the roll-your-own tax from the manufacturers who participate in the Tobacco Master Settlement Agreement. Following the Attorney General's notice, the department will publish a notice of the effective date of the tax on roll-your-own tobacco.

For updates on the tobacco products tax including information on tax returns and methods of payment, please visit our website at: www.revenue.pa.gov .