

PA Department of Revenue Field Enforcement Agents Can:

- Provide tobacco tax law training to law enforcement.
- Investigate alleged violations of tobacco tax laws.
- File criminal charges with local prosecutors.
- Seize tobacco, vehicles and vending machines used in violation of tobacco laws.
- File vehicle forfeiture petitions within 10 calendar days of the arrest.
- Act as liaisons between law enforcement and the tobacco industry.
- Provide information on cigarettes and tobacco.
- Assist with identifying and tracing cigarette tax stamps.
- Assist in investigations involving stolen tobacco, fencing operations and speakeasies.
- Secure and keep confiscated tobacco.
- Secure and dispose of confiscated cigarettes and tobacco products.
- Provide testimony regarding the commission of tobacco crimes.

If you suspect tobacco violations, need assistance or have any questions:

Call: 717-783-4649

Fax: 717-787-8289

Report Tax Fraud Online:

<https://www.revenue.pa.gov/ContactUs/Pages/Report-Suspected-Tax-Fraud.aspx>

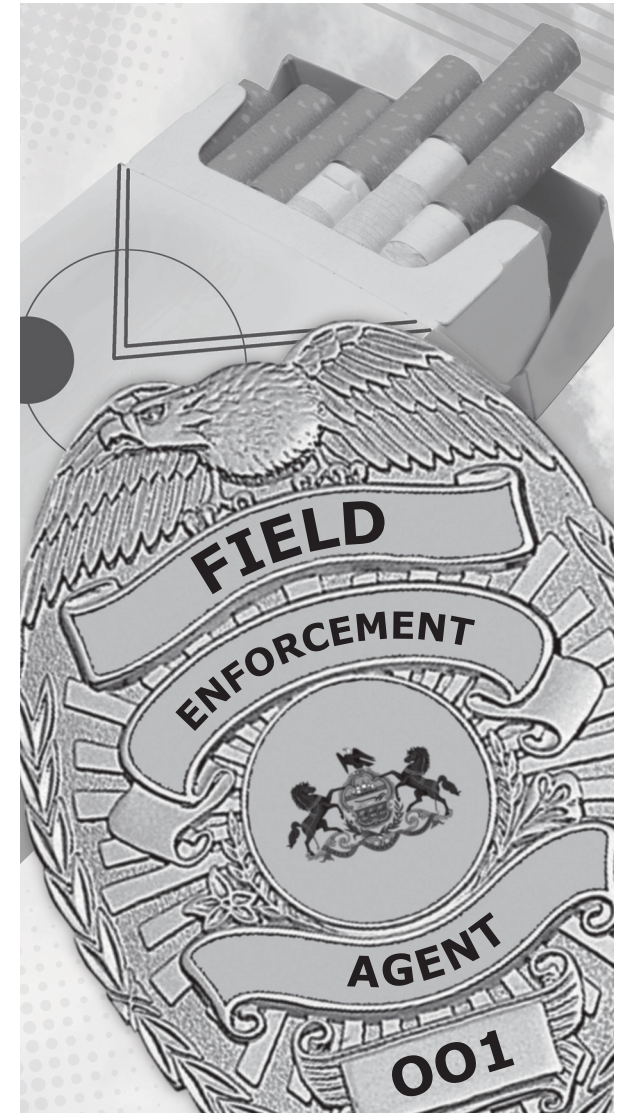
Or write to:

**PA DEPARTMENT OF REVENUE
BUREAU OF ENFORCEMENT AND
TAXPAYER ASSISTANCE
10TH FLOOR STRAWBERRY SQUARE
327 WALNUT STREET
HARRISBURG PA 17128-1041**

THE FACTS ABOUT CIGARETTE TAX EVASION:

- The Pennsylvania Department of Revenue is charged with enforcing and verifying the compliance of the tobacco tax laws and regulations of the commonwealth.
- When PA loses tobacco tax revenues from illegal activities, everyone loses.
- Profits from tobacco smuggling have funded terrorism acts against the U.S.
- Children rely on the Children's Health Insurance Program fund (CHIP) and are cheated out of resources that should be available to provide health care.
- Citizens are deprived of tax dollars that support state programs like healthcare initiatives and farmland preservation.
- Honest tobacco retailers and wholesalers are forced to compete with profiteers who can reduce their prices through illegal activities.
- Black market operations contribute to crime in local neighborhoods.
- Revenue's goal is to assure maximum revenues in tobacco taxes for the benefit of PA citizens.
- Master Settlement Agreement payments from the tobacco industry of almost \$350 million are used for additional health initiatives benefiting PA citizens.
- The enforcement effort is aimed at prosecuting tax evaders and protecting legitimate businesses from unfair competition.
- The Bureau of Enforcement and Taxpayer Services can provide information and support to law enforcement officials in their own investigations of stolen tobacco products. The bureau is involved in numerous criminal investigations of suspected tobacco tax evasions every year. These investigations usually are the result of combined efforts of law enforcement officers and the department.
- A person is permitted to possess up to one carton of unstamped cigarettes but the state taxes must be paid and the cigarettes may not be resold and you must complete a Consumer Cigarette Use/Excise Tax return (REV-793) and submit it to the state.

TOBACCO TAX FOR LAW ENFORCEMENT



What is Legal?

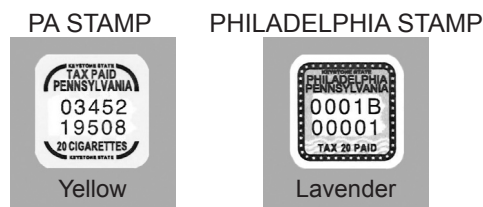
Cigarette and tobacco products are legally distributed in Pennsylvania by businesses that have been issued a license by the Department of Revenue.

Only licensed CSA's or common carriers with authentic invoices may possess unstamped cigarettes.

The current cigarette tax rate in PA is \$2.60 per pack and \$4.60 per pack in Philadelphia County.

Only cigarette and roll-your-own loose tobacco listed on the Office of Attorney General's **Tobacco Product Directory** and complying with FDA regulations may be sold at retail. (www.attorneygeneral.gov)

Cigarette packs are required to be stamped.



The top number is the stamp roll number (there are 30,000 stamps on one roll) The bottom number is the individual stamp number, 00001 -30000.

Both stamps contain a holographic "PA" image on the surface of the stamp.

Other Tobacco Products (OTP)

On October 1, 2016 PA passed a law taxing OTP which includes (Pipe, chew and Roll-your-own tobacco, Snuff, Plug, Twist, Fine cut or other chewing tobacco, Hookah, Gutka and any form of tobacco suitable for chewing, ingesting or smoking and electronic cigarettes and liquid.

Large cigars (those over 4 pounds per thousand) are not taxable in PA and therefore are not regulated by the Department of Revenue.

What to Watch For:

- Packs without PA or Philadelphia tax stamps.
- Packs affixed with other states' tax stamps.
- Multiple packs bearing the same roll number and stamp number.
- Packs, cartons or packages of OTP in large quantities concealed in garbage bags, boxes, suitcases, and under blankets in vehicles traveling the interstate, (There should be paperwork to document the transfer of product).
- Sales of loose cigarettes.
- Sales of tobacco products on street corners.
- Cigarette packs labeled "Export Only".
- There is no tax stamp for OTP and the tax rate is much higher in surrounding states making PA a source state. Smugglers will use the I-95 corridor to transport OTP, cigarettes and counterfeit goods from the low tax states to the high tax states in the northeast.

Criminal Charges:

Cigarette Statutes - Title 72 P.S. § 201 to 230 and § 8201 to 8296

Other Tobacco products (OTP) Statutes – Title 72 P.S. § 8201-A to 8234-A

Violations of PA tobacco tax laws carries civil penalties of fines up to \$15,000 or equal to 200% of the tobacco value per violation and/or the filing of criminal charges.

Felony Charges:

- Willfully evading payment of the Pennsylvania or OTP tax – Up to \$15,000 fine and/or five years in jail.
- Possessing 300 or more cartons of cigarettes labeled "Export only" - \$2,000 to \$20,000 fine and jail.

Misdemeanor Charges:

- Possessing 300 or more unstamped cartons or cartons not bearing PA tax stamps - \$1,000 to \$15,000 fine and/or up to three years in jail.
- Possessing 20-300 cartons of "Export Only" cigarettes - \$1,000 to \$15,000 fine and jail.
- Failure to furnish information, false information

or failure to permit to inspect - \$500 fine, up to one year in jail and loss of license.

Summary Charges:

- Selling cigarettes or OTP without a license - \$250 to \$1,000 fine.
- Selling one or more packs of unstamped cigarettes or packs not bearing PA tax stamps - \$100 to \$1,000 fine and up to 60 days in jail.
- Possessing 1-5 cartons of unstamped cigarettes or cartons not bearing PA tax stamps - \$300 fine and/or up to 90 days in jail.
- Possessing up to 200 cartons of cigarettes labeled "Export Only" - \$250 to \$1,000 fine and jail.
- Sales or possession of any tobacco product in which the proper tax has not been paid - \$100 to \$1,000 and/or not more than 60 days in jail.

Actions Leading to the Seizure of Cigarettes, Tobacco Products or Vending Machines:

- Possession of any pack of cigarettes not bearing a PA tax stamp.
- Cigarettes sold or offered for sale without a valid license or without invoices supporting the legal purchase from a licensed dealer.
- Possession of tobacco products for which the proper tax has not been paid.
- Possession of tobacco products not supported by the proper documentation.
- A vehicle or vending machine containing more than 10 cartons of unstamped cigarettes or \$500 or more of OTP.
- A vehicle containing more than one carton of cigarettes or \$50 or more of OTP – if the driver/owner had a previous conviction of the illegal sale, possession or transportation of that product.