



**COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF REVENUE**

BUREAU OF BUSINESS TRUST FUND TAXES
MISCELLANEOUS TAX DIVISION

DEPT. 280909
HARRISBURG PA 17128-0909

DATE: July 2002

SUBJECT: Cigarette Dealer Floor Tax Return
REV-779

TO: Cigarette Dealer Corporate Accounts

CIGARETTE TAX BULLETIN 02-08

On June 29, 2002 Governor Mark Schweiker signed into law HE 1848, PN 4197 raising the excise tax on a pack of 20 cigarettes from \$.31 to \$1.00 effective July 15, 2002, an increase of \$.69 cents per pack. Cigarette tax on packs of 25 cigarettes will increase from \$.3875 cents to \$1.25 per pack, an increase of \$.8625 per pack. The new cigarette tax rate applies to all floor stock and to all cigarettes in vending machines located within Pennsylvania on July 15, 2002.

In order to properly report and remit the floor tax due on your cigarette inventory, it will be necessary to take an immediate physical inventory of all Pennsylvania stamped cigarettes held in your possession as of 12:01A.M. on July 15, 2002, and complete and file the enclosed Cigarette Dealer Floor Tax Return (REV-779) by the due date of October 15, 2002. Please refer to the filing instructions on the reverse side of the floor tax return. For your convenience, cigarette inventory worksheets (DAS-99) have been provided.

NOTE: This license has been identified as a corporate account, i.e. a central location is used to disburse cigarette taxing information to all subsidiary locations. Corporate filers may elect to file a consolidated return and remittance on behalf of all subsidiary locations. The consolidated return should include a summary report of each subsidiary location's inventory subject to cigarette floor tax. The corporate filer is required to maintain a signed copy of the subsidiary location's return at the corporate headquarters. In addition, each subsidiary location is required to maintain a copy of the inventory and the cigarette floor tax return at the business location for inspection. Corporate filers filing consolidated returns are secondarily liable for any floor tax deficiency assessed against subsidiary locations. Should a corporate account choose to allow each subsidiary location to file a cigarette floor tax return (Cigarette Dealer Floor Tax Return REV-779), instructions for filing individual cigarette floor tax returns apply.

Failure to file a floor tax return and pay the floor tax due by October 15, 2002 will result in the imposition of penalties and interest and may result in criminal prosecution.

Visit the Department of Revenue's website www.revenue.pa.gov for additional information.

COMMONWEALTH OF PENNSYLVANIA
 DEPARTMENT OF REVENUE
 CIGARETTE DEALER FLOOR TAX RETURN



REV-779 AS AFP (07-02)
 FAX NO. 1717)705-8413

The below Cigarette Dealer Floor Tax Return (REV-779) must be filed by each licensed wholesale, retail and vending location on or before October 15, 2002. Please make checks payable to the PA Dept of Revenue.

RETAIN FOR YOUR RECORDS

REV-779 AS AFP (07-02) L1GAH6116 LILENSE 4 **2002 CIGARETTE DEALER FLOOR TAX RETURN** SALES IAX

NAME AND ADDRESS (MAKE CORRECTIONS AS NECESSARY)

WHOLESALE, RETAIL AND VENDING INVENTORY OF PACKS OF PENNSYLVANIA	STAMPED CIGARETTES
1. Number of packs of 20 cigarettes	x \$.69 = \$
2. Number of packs of 25 cigarettes	x \$.8625 = \$
3. Balance due from inventory of packs of cigarettes	(add Lines 1 and 2) \$
4. Penalty and interest if filed after October 15, 2002, (include total from Line 3)	see instructions
5. Total amount due (add Lines 3 & 4). Please remit	this amount \$

Number of vending machines _____

SIGNATURE _____ TITLE _____ DATE _____

DETACH AT PERFORATION

REV-779 AS AFP (07-02) **2002 CIGARETTE DEALER FLOOR TAX RETURN**

NAME AND ADDRESS (MAKE CORRECTIONS AS NECESSARY)

WHOLESALE, RETAIL AND VENDING INVENTORY OF PACKS OF PENNSYLVANIA	STAMPED CIGARETTES
1. Number of packs of 20 cigarettes	\$ x \$.69 =
2. Number of packs of 25 cigarettes	x \$.8625 = \$
3. Balance due from inventory of packs of cigarettes	(add Lines 1 and 2)
4. Penalty and interest if filed after October 15, 2002, see instructions (include total from Line 3)	
5. Total amount due (add Lines 3 & 4). Please remit this amount	\$

Number of vending machines _____

Important: Failure to file this return and pay the floor tax due will result in the imposition of penalties and interest and may result in criminal prosecution.
 I hereby certify that this return is true and correct.

SIGNATURE _____ TITLE _____ DATE _____

**INSTRUCTIONS FOR CIGARETTE DEALER FLOOR TAX RETURN
WHOLESALE, RETAIL, AND VENDING MACHINE OPERATORS**

Effective Date of Tax Increase - The Pennsylvania state cigarette tax will increase from \$.31 to \$1.00 per pack of twenty (20) cigarettes and \$.3875 to \$1.25 per pack of twenty-five (25) cigarettes as of July 15, 2002.

Who Must Report and Pay the Tax - When the rate increase goes into effect on July 15, 2002, stamping agents, wholesale, retail, and vending dealers with an inventory of PA stamped cigarettes, including unsaleable cigarettes, bearing the old tax rate will be required to pay a "floor tax" on all PA stamped cigarettes on hand as of 12:01 AM, July 15, 2002. Every cigarette dealer must file a return even if no cigarettes are in inventory.

Note - Vending machine operators have an option of reporting their inventory of Pennsylvania stamped cigarettes as either 1) an actual physical count of all cigarettes in the vending machines or 2) a calculated figure of sixty (60) percent of the charge-out inventory. Charge-out inventory is the amount of cigarettes shown as the normal fill capacity of each machine.

Rate of Tax - The Pennsylvania cigarette tax will increase from \$.0155 per cigarette to \$.05 per cigarette. The new tax per pack of twenty (20) cigarettes is \$1.00. The new tax per pack of twenty-five (25) cigarettes is \$1.25. The floor tax per pack of twenty (20) cigarettes is \$.69. The floor tax per pack of twenty-five (25) cigarettes is \$.8625.

Filing Requirements - A floor tax return for each licensed location must be filed on or before October 15, 2002. Please make checks payable to the **PA Dept of Revenue**.

Corporate Filers - Corporate filers may elect to file a consolidated return and remittance on behalf of all subsidiary locations. The consolidated return should include a summary report of each subsidiary location's inventory subject to cigarette floor tax. The corporate filer is required to maintain a signed copy of the subsidiary location return at the corporate headquarters. In addition, each subsidiary location is required to maintain a copy of the inventory and the cigarette floor tax return at the business location for inspection. Corporate filers filing consolidated returns are secondarily liable for any floor tax deficiency assessed against subsidiary locations. Should a corporate account choose to allow each subsidiary location to file a cigarette floor tax return (Cigarette Dealer Floor Tax Return REV-779), filing instructions for filing individual cigarette floor tax returns apply.

Record Retention - You must retain a copy of the completed tax return and supporting inventory documents for a period of three (3) years. For your convenience, a copy of the tax report and a cigarette inventory worksheet have been provided.

Unsaleable Cigarettes - No inventory of unsaleable cigarettes shall be permitted on the cigarette dealer's premises as of July 15, 2002. All unsaleable cigarettes bearing a Pennsylvania excise tax stamp must be returned to the cigarette manufacturer on or before July 14, 2002. The cigarette dealer is required to establish by appropriate documentation that unsaleable cigarettes have been returned to the manufacturer prior to July 15, 2002.

Credits for unsaleable cigarettes in inventory on July 15, 2002, will not be issued by the Department until the floor tax return and payment is received and the credit is verified.

Cigarettes in Transit - Cigarettes which are alleged to be in transit as of July 15, 2002, will be deemed the property of the shipper. The shipper shall file a return and pay the floor tax imposed 72 P.S. 8206.1 by October 15, 2002.

Penalty and Interest - Conviction of a willful failure to file a floor tax return by October 15, 2002, is a misdemeanor subject to a fine of not less than \$2,500 nor more than \$5,000 and/or imprisonment not to exceed thirty (30) days. Failure to pay the required tax will result in a penalty imposed equal to the amount of tax evaded and may result in the suspension or revocation of a cigarette dealer's license.

Interest for 2002 is computed at six (6) percent (.000164 per diem). Interest is computed from the day the tax was due until the day the tax is paid. Interest is the charge for the use of money and it may not be waived. If you need help computing penalty or interest charges, contact a Department representative at one of the telephone numbers listed below or the Cigarette Tax Unit, Dept 280909, Harrisburg, PA 17128-0909.

Information and Forms - Telephone: (717) 787-5757
Fax: (717) 705-8413

PA DEPARTMENT OF REVENUE
BIDM (CIG)
DEPT 280408
HARRISBURG PA 17128-0408

