



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF REVENUE

BUREAU OF BUSINESS TRUST FUND TAXES
MISCELLANEOUS TAX DIVISION

DEPT. 280909
HARRISBURG PA 17128-0909

December 23, 2003

CIGARETTE TAX BULLETIN 03-14

On December 23, 2003, Governor Edward Rendell signed into law HB 200 PN 3160 raising the excise tax on a pack of 20 cigarettes from \$1.00 to \$1.35 effective January 7, 2004, an increase of \$.35 cents per pack. Cigarette tax on packs of 25 cigarettes will increase from \$1.25 to \$1.6875 per pack, an increase of \$.4375 per pack. The new cigarette tax rate applies to all floor stock and to all cigarettes in vending machines located within Pennsylvania on January 7, 2004.

The cigarette stamping agent commission for the expense of affixing cigarette tax stamps has been reduced from 1.25 percent to .98 percent. However, the cost of doing business for a Cigarette Stamping Agent shall be presumed to be 1.7 percent of the basic cost the cigarette. Cigarette Stamping Agents purchasing cigarette tax stamps on a consignment basis must increase the bond liability amount by executing and submitting a bond rider to the above address. If you wish to secure alternative forms of cigarette tax stamp credit purchases as prescribed in 1113 200 PN 3160, please contact the Department.

In order to properly report and remit the floor tax due on your cigarette inventory, it will be necessary to take a physical inventory of all Pennsylvania stamped cigarettes held in your possession as of 12:01 a.m. on January 7, 2004. The Department will provide a floor tax return form the week of December 29, 2003. The floor tax form and additional information will be made available on Revenue's website www.revenue.pa.gov.

NOTE: The Harrisburg District Office will discontinue selling cigarette tax stamps at 3 p.m. on January 6, 2004. Other district offices will maintain their normal cigarette tax stamp sale schedule, however, there will not be any sales after 3 p.m. on January 6, 2004. Cigarette Stamping Agents are required to file a monthly report for the period beginning December 1, 2003, and ending January 6, 2004. A monthly report beginning January 7, 2004, and ending January 31, 2004, will also be required.

Credits for unsaleable cigarettes will not be issued by Department until the floor tax return and payment is received and the credit is verified by the appropriate documentation.

Cigarettes documented as in transit as of January 7, 2004, will be deemed the property of the shipper. The shipper shall file a return and pay the floor tax imposed under 72 P.S. 8206.1 by April 6, 2004.

Failure to file a floor tax return and pay the floor tax due by April 6, 2004, will result in the imposition of penalties and interest and may result in criminal prosecution.

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