



MEMO

TO All Pennsylvania Cigarette Wholesalers, Retailers, and Vending Machine Operators

DATE Oct. 26, 2009

RE Cigarette Floor Tax Return - REV-779

CIGARETTE TAX BULLETIN 09-16

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 Nov. 1, 2009, the cigarette tax rate increases from 6.75 cents to 8 cents per stick. Therefore, the cigarette excise tax on a pack of 20 cigarettes increases from \$1.35 to \$1.60, an increase of \$0.25 cents per pack, and on a pack of 25 cigarettes the tax increases from \$1.6875 to \$2, an increase of \$0.3125 per pack.

Also beginning Nov. 1, 2009, any person who possesses little cigars in a package similar to a package of cigarettes, containing 20 to 25 little cigars, shall pay a tax at the rate of eight cents per little cigar. Therefore, the tax rate for each pack of 20 little cigars will be \$1.60 and on a pack of 25 little cigars the tax will be \$2.

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 and little cigars held in your possession as of 12:01 a.m. on Nov. 1, 2009. The department will provide a floor tax return form the week of Oct. 26, 2009. The floor tax form and additional information will be available on Revenue's Web site at www.revenue.pa.gov.

The top portion of the enclosed return marked "Retain this copy for your records" is to be retained by the licensee for a period of four years. Detach the floor tax return coupon and send it, along with your floor tax payment, in the enclosed return envelope. The Cigarette Dealer Floor Tax Return and payment may be filed anytime after November 1, 2009, and must be submitted no later than January 29, 2010.

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