

MEMO

TO Pennsylvania Licensed Cigarette Stamping Agents

DATE Oct. 27, 2009

RE Monthly Reporting of “Stampable” Little Cigars
Additional Reporting Instructions for REV-1030

CIGARETTE TAX BULLETIN 09-18

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, “stampable” little cigars, those packaged similarly to cigarettes and contain 20 to 25 little cigars, become subject to the Pennsylvania cigarette tax.

Preparation for reporting “stampable” little cigars:

Immediately prior to this date, an inventory of these products should be taken. The inventory should include both unstamped little cigars and PA tax stamped little cigars, if any little cigars have been stamped prior to the effective date.

Completion of the October 2009 Monthly Cigarette Tax Reports (Resident and Non-Resident CSAs):

Little cigars that have PA tax stamps applied prior to Nov. 1, 2009, should be included on the Cigarette Tax Report (REV-1030).

- Resident CSAs
 - Include on Schedule A-1 REV-1048-A a stick count equal to the number of little cigars to which PA tax stamps were applied. Label as “Little Cigars from Inventory.”
 - Include PA tax stamped little cigars in Section 3 – PA Stamped Cigarette Account and Closing Inventory PA Stamped.
- Non-Resident CSAs
 - Include PA tax stamped little cigars in the Stamped Cigarette Account section, Pennsylvania Stamped Cigarettes on hand at end of month.
 - Sales into PA of little cigars should be reported on form REV-1032-A, Schedule D.

Completion of the November 2009 Monthly Cigarette Tax Reports (Resident CSAs):

- Existing inventories of unstamped little cigars should be included on form REV-1048-A, Schedule A-1. Label as “Little Cigars from Inventory.”
- Sales outside of Pennsylvania of the little cigars should be reported on form REV-1033-A, Schedule D.

*Current audit procedures allow credit for sales outside of Pennsylvania based on the lesser of audited out-of-state sales or foreign stamped cigarettes by state. As other states may not require little cigars to be stamped, alternate audit procedures will be used to verify out-of-state sales.