

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer
Office of Tax and Revenue



Date: September 3, 2008

To: ALL RETAILERS AND VENDING MACHINE OPERATORS
OF DC CIGARETTES

Subject: Cigarette Excise Tax Increase

Bulletin #: 2008 - 07

Effective October 1, 2008, the District of Columbia cigarette excise tax will increase from \$1.00 to \$2.00 per pack of 20 cigarettes and \$1.25 to \$2.50 per pack of 25 cigarettes as described by DC Code section 47-2402(a). The new excise tax rate applies to previously stamped floor stock, including cigarettes in vending machines and all stamped cigarettes held by Wholesalers and Retailers for commercial distribution in DC.

You are required to take a physical inventory before the start of business on October 1, 2008 of all DC stamped cigarettes in stock to determine your floor tax. Enclosed is the floor tax return and instructions. Please submit the return and payment by October 21, 2008 to the Office of Tax and Revenue, Audit Division, Cigarette Tax Enforcement Unit, PO Box 556, Washington, DC 20044. Failure to file a floor tax return and make payment by October 21, 2008 will result in the imposition of penalty and interest and may result in criminal prosecution. In addition, the cigarette license issued to you may be subject to suspension or revocation for violation of Chapter 24 or of the regulations promulgated under this chapter. [DC Code, 2001 Ed. Section 47-2404(f) & 47-2422(a)].

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. 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. Should a corporate filer choose to allow each subsidiary to file a cigarette floor tax return, filing instructions for filing individual cigarette tax returns applies.

Vending machine operators must send a list of all vending machines showing the location of machines with the floor tax return. The tax can be computed on an actual physical inventory by machine or by paying a flat tax assessment per machine as indicated on the return.

We have enclosed in this notice a sheet of Frequently Asked Questions (FAQs) for the cigarette floor tax return. A copy of this notice and FAQ (including various translations) is available on our website at www.taxpayerservicecenter.com. Also, our website provides the floor tax return and instructions.

Questions relating to this law change should be directed to the Office of Tax and Revenue, Audit Division, at (202) 442-6602.

Thank you for your cooperation.