

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER



Office of Tax and Revenue

**INSTRUCTIONS FOR CIGARETTE WHOLESALER, RETAILER AND VENDING
MACHINE OPERATOR FLOOR TAX RETURN**

Effective Date of Tax Increase: The District of Columbia cigarette tax increased from \$0.65 to \$1.00 per pack of twenty (20) cigarettes and from \$0.8125 to \$1.25 per pack of twenty-five (25) cigarettes as of January 1, 2003.

Who Must Report and Pay the Tax: Since the rate increase is effective on January 1, 2003, wholesalers, retailers, and vending machine operators must inventory cigarettes on hand and unaffixed stamps bearing the old tax rate. To adjust this inventory to the new rate, all wholesalers must pay a “floor tax” on all stamped cigarettes on hand as of the close of business February 1, 2003. Wholesalers must also pay the floor tax on rolls of unaffixed cigarette stamps and account for their unstamped cigarettes as of the close of business January 31, 2002. Use the results of the inventory to complete this return, and file it with your payment on or before February 21, 2003. Every cigarette licensee must file a return even if there are no cigarettes in inventory.

Note: Vending machine operators have an option of reporting their inventory of D.C. stamped cigarettes as either:

- I) an actual physical count of all cigarettes in the vending machines or*
- II) flat fee of \$190.00 per machine.*

Rate of Tax: A pack of twenty (20) cigarettes will be taxed at the rate of \$1.00 per pack. A pack of twenty-five (25) cigarettes will be taxed at the new rate of \$1.25 per pack of cigarettes. This is pursuant to the “Fiscal Year 2003 Budget Support Amendment Emergency Act of 2002” that amends section 47-2402(a) raising the cigarette excise tax from \$0.0325 per cigarette to \$0.05 on the sale or possession of all cigarettes in the District of Columbia.

This excise tax is paid by the cigarette wholesalers and passed on to the consumer. This excise tax is in addition to the sales tax of 5.75% on all sales to consumers.

Filing Requirements: A return for each licensed location must be filed on or before February 21, 2003. Please make checks payable to the *D.C. Treasurer*. Mail your Cigarette Floor Tax Return and payment to the Office of Tax and Revenue, P.O. Box 556, Washington, DC 20004.

(continued)

Record Retention: You must retain a copy of the completed tax return and supporting inventory documents for a period of three (3) years.

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, filing instructions for filing individual cigarette floor tax returns apply.

Unsaleable Cigarettes: No inventory of unsaleable cigarettes shall be permitted on the cigarette wholesaler's premises as of February 1, 2003. All unsaleable cigarettes bearing a D.C. excise tax stamp must be returned to the cigarette manufacturer on or before February 1, 2003. The cigarette wholesaler is required to establish by appropriate documentation those unsaleable cigarettes have been returned to the manufacturer prior to February 1, 2003.

Cigarettes in Transit: Cigarettes that are alleged to be in transit as of February 1, 2003, will be deemed the property of the wholesaler. The wholesaler is required to affix stamps to them prior to being sold to the retailers.

Penalty and Interest: Failure to file a floor tax return and pay the floor tax due by February 21, 2003 will result in the imposition of penalties 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. [D.C. Code, 2001 Ed. §§47-2404(f) & 47-2422(a)]

Penalties: The penalty for the failure to file a return on time or failure to pay any tax when due is 5% of the unpaid portion of the tax due. The penalty is computed for each month or fraction thereof, that the failure to file or pay continues. The penalty may not exceed 25% of the tax due.

Interest: Interest at the rate of 0.000355921 percent per day (13 percent per year) must be paid on any tax not paid on time. Interest is computed from the due date of the tax return until the day the tax is paid. No extension of time would be granted. Interest is the charge for the use of money and it may not be waived.

Request for Information, Questions and Concerns: Mail letter to: Government of the District of Columbia Office of Tax and Revenue, Audit Division, P.O. Box 556, Washington, D.C. 20002. Any questions regarding the cigarette tax increase requirements should be directed to the Audit Division at (202) 442-6618.

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**DISTRICT OF COLUMBIA GOVERNMENT
OFFICE OF TAX & REVENUE**

**RETAIL AND VENDING MACHINE LICENSEE
FLOOR STOCK CIGARETTE TAX RETURN
(As of February 1, 2003)**

FR-463
(Rev 12/02)

Name		FEIN #	D.C. Cigarette License #
Street Address	City	State	Zip Code

PHYSICAL INVENTORY					
	(1) STAMPED PACKAGES	(2) HAND STAMPS	(3) TOTAL (Col. & 2)	(4) ADDITIONAL TAX	(5) TAX DUE (Col. 3 x 4)
A {	.65¢			.35¢	\$
	81.25¢			43.75¢	
B {	VENDING MACHINE (ALTERNATE METHOD)				
		NUMBERS OF MACHINES		@ \$190.00	
C	TOTAL TAX DUE				\$
D	PENALTY FOR LATE PAYMENT (25%)				
E	STATUTORY INTEREST .000355921 PERCENT PER DAY				
F	TOTAL AMOUNT DUE (C+D+E)				\$

I hereby swear (affirm that this report has been examined by me and is to the best of my knowledge and belief, a true and complete statement.

Authorized signature	Title	Date
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IMPORTANT: THE RETURN MUST BE NOTARIZED

Subscribed and sworn to before me this _____ day of _____, _____ .
My Commission expires: _____.

- This return must be filed by retail and vending machine licensees and include all cigarette tax stamps held within or without the District of Columbia as of the beginning of business February 1, 2003. Failure to file floor tax return may result in criminal prosecution.
- The return must be filed on or before February 21, 2003 with payment by check or money order payable to the D.C. Treasurer. Mail to the Office of Tax and Revenue, P.O. Box 556, Washington, DC. 20004.
- The return must be signed by the owner, partner or duly authorized officer of the corporation and must be notarized.
- Penalty and interest is applicable if filed after February 21, 2003.

A. RETAIL LICENSEES –

- Report the physical inventory of stamped packages of cigarettes in Col. 1
- Report the physical inventory of unaffixed hand cigarette stamps in Col. 2

B. VENDING MACHINE LICENSEES – ALTERNATE METHOD Instead of taking a physical inventory of cigarettes in each vending machine, enter on Line B, Col. 3 the total number of machines located in the District of Columbia. If you elect the alternate method, you must use such method for all machines. A list of vending machine locations must accompany this return



DISTRICT OF COLUMBIA GOVERNMENT
OFFICE OF TAX & REVENUE

WHOLESALE OF D.C. CIGARETTE LICENSEE
FLOOR STOCK CIGARETTE TAX RETURN
(As of February 1, 2003)

FR-463
(Rev 12/02)

Name		FBI Number	D.C. Cigarette License No.
Street Address	City	State	Zip Code

PHYSICAL INVENTORY					
	(1)	(2)	(3)	(4)	(5)
	STAMPED PACKAGES, & ROLL/SHEET OF UNUSED STAMPS	UNUSED HAND STAMPS	TOTAL (Col. & 2)	ADDITIONAL TAX	TAX DUE (Col. 3 x 4)
A {	.65¢			.35¢	\$
	81.25¢			43.75¢	
B {					
C	TOTAL TAX DUE				\$
D	PENALTY FOR LATE PAYMENT (25%)				
E	STATUTORY INTEREST .000355921 PERCENT PER DAY				
F	TOTAL AMOUNT DUE (C+D+E)				\$

I hereby swear (affirm that this report has been examined by me and is to the best of my knowledge and belief a true and complete statement

Authorized signature	Title	Date
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IMPORTANT: THE RETURN MUST BE NOTARIZED

Subscribed and sworn to before me this _____ day of _____, _____.

My Commission expires: _____.

1. This return must be filed by the wholesaler of D.C. cigarettes and include all cigarette tax stamps held within or without the District of Columbia as of the beginning of business February 1, 2003.
2. The return must be filed on or before February 21, 2003 with payment by check or money order payable to the D.C. Treasurer. Mail to the Office of Tax and Revenue, P.O. Box 556, Washington, DC. 20004.
3. The return must be signed by the owner, partner or duly authorized officer of the corporation and must be notarized.
4. Penalty and interest is applicable if filed after February 21, 2003.

WHOLESALEERS

1. Report the physical inventory of stamped packages of cigarettes in Col. 1
2. Report the physical inventory of roll/sheet of unused cigarette stamps in Col. 2