September 10, 2018

**OTR Notice 2018-02**

**Combined Cigarette tax rate WILL increase to $4.94**

 **Effective October 1, 2018**

The District of Columbia cigarette excise tax consists of a fixed tax per package of 20 cigarettes and a variable surtax levied in lieu of the sales tax. Effective October 1, 2018, the fixed tax will increase from $2.50 to $4.50 per package of 20 cigarettes. The surtax remains at $.44 cents per package of 20 cigarettes. As a result, the combined cigarette excise tax per package of 20 cigarettes as of October 1, 2018 is $4.94.

The Office of Tax and Revenue (OTR) will administer a floor stock tax in connection with this increase of the cigarette tax. Please note that the cigarette stamps will change when the tax increases on October 1. Wholesalers, retailers, street vendors, and vending machine operators are required to take a physical inventory before the start of business on October 1, of all DC stamped cigarettes and/or loose tax stamps in stock to determine your floor tax. Cigarette stamps purchased on or after October 1 will be sold at the new tax rate.

Please submit the return and payment by October 21, 2018, to the Office of Tax and Revenue, Audit Division, Tobacco Tax Enforcement Unit, P.O. Box 556, Washington, DC 20044. Failure to file a floor tax return and make payment by October 21, 2018, 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.

**Other Tobacco tax rate WILL increase to 96 PERCENT Effective October 1, 2018**

Effective October 1, 2018, the tax rate on other tobacco products will increase from 60 percent to 96 percent of wholesale sales of other tobacco products. The tax increase is imposed on wholesalers on the sale of all roll your own tobacco, vapor products and all other tobacco products.

**MYTAX.DC.GOV**

Effective October 29, 2018, OTR will require tobacco and vapor product wholesalers to file the cigarette (Forms FR-467 and FR-467E), and file and pay other tobacco (Form FR-1000Q) taxes via MyTax.DC.gov.

Should you have additional questions, please contact OTR’s Customer Service Administration at (202) 727-4829.