

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



Office of Tax and Revenue

OTR COMPLIANCE GUIDELINES

Reminder Regarding Change in Cigarette Tax Rate

Law:

Effective January 1, 2003, the excise tax on cigarettes was changed pursuant to the “Fiscal Year 2003 Budget Support Amendment Emergency Act of 2002.” This law amended section 47-2402(a) raising cigarette excise tax from \$0.0325 per cigarette to \$0.05 on the sale or possession of all cigarettes in the District of Columbia. Therefore, a package 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. This excise tax is in addition to the sales tax of 5.75% on all sales to consumers. The cost of the new stamps will be \$30,000.00 per roll and \$150.00 per sheet.

Filing Requirements:

The new excise tax rate applies to all cigarette loose stamps, floor stock, and all cigarettes in vending machines located anywhere in the District of Columbia. In order to properly report and remit the floor tax due on cigarette inventory, it is requested that businesses take a physical inventory of all District of Columbia tax stamped cigarettes held in their possession as of 12:01 a.m. on February 1, 2003. All retailers and wholesalers, and anyone possessing cigarettes for commercial distribution in the District of Columbia, are required to pay the floor tax. The cigarette floor tax return must be filed by February 21, 2003.

Floor Tax Returns Availability:

Each cigarette licensee will be sent a floor tax return, an inventory worksheet and instructions. Any licensee who has not received a cigarette floor tax return, an inventory worksheet and instructions by January 25, 2003 should call the Office of Tax and Revenue at (202) 442-6618. The floor tax return, inventory worksheet, instructions and FAQs are available at www.cfo.dc.gov under “Taxpayer Services.”

Point of Contact:

All questions regarding the cigarette excise tax increase requirements should be directed to Sydney Hosten, supervisory tax auditor, at (202) 442-6618.

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