

BULLETIN



Comptroller of Maryland • Alcohol and Tobacco Tax Division • Goldstein Treasury Building • P.O. Box 2999 Annapolis, Maryland 21404-2999 • Telephone: 410-260-7314 from Central Maryland or 1-888-784-0145 from elsewhere in Maryland • Forms-by-Fax: 410-974-FAXX(3299); e-mail: att@comp.state.md.us; World Wide Web: www.marylandtaxes.com

No. TT-23

May 3, 2000

TO: Wholesalers and Retailers of Other Tobacco Products and Other Interested Parties

SUBJECT: New Tax on Other Tobacco Products — Effective July 1, 2000

The 1999 Maryland General Assembly enacted legislation that created a new excise tax on Other Tobacco Products (OTP), which includes cigars, pipe tobacco, chewing tobacco, and snuff. The new tax is effective July 1, 2000.

The new law, as contained in Title 12 of the Tax-General Article of the Annotated Code of Maryland, establishes an OTP tax rate of 15% of the wholesale cost of OTP. Wholesale price is defined as "the price for which a wholesaler buys other tobacco products exclusive of any discount, trade allowance, rebate, or other reduction." The law further provides that the comptroller shall establish by regulation "a system of administering, collecting, and enforcing the tobacco tax on other tobacco products," including a provision to collect the tax from a retailer or consumer in Maryland who possesses OTP upon which the tax has not been paid.

Pursuant to this legislative requirement, Regulation 03.02.02.08 (copy enclosed) has been promulgated and will take effect May 29, 2000. This regulation sets forth the methods of collecting the tax and the respective reporting requirements for wholesalers, retailers and consumers. While the wholesaler bears primary responsibility for remitting the tax, retailers and consumers must file a return and remit the tax on a quarterly basis in the absence of "proof or evidence of tax payment" as outlined in Section C of the regulation.

A supply of form ATTD-609 (Wholesaler Tax Return) or form ATTD-610 (Retailer and Consumer Tax Return) — is enclosed for your use. *Note that the first monthly wholesale tax return is due August 21, 2000 covering activities in the month of July and the first retailer/consumer tax return is due October 21, 2000 covering activities in July, August, and September.*

In addition to filing a tax return, wholesalers and retailers who sell OTP in Maryland must register with the Alcohol and Tobacco Tax Division as required by Section D of the regulation. While there is no fee for this registration, wholesalers and retailers must register before making any OTP sales in Maryland subsequent to July 1, 2000. Enclosed please find registration application form ATTD-10-1, which should be completed and submitted to the Alcohol and Tobacco Tax Division no later than **July 1, 2000**.

Failure to register and remit the applicable OTP tax when due could result in: (1) assessment of interest for late payments, (2) a tax penalty up to 25% of the tax due, and/or (3) confiscation of any OTP products in Maryland upon which the tax has not been remitted.

If you have any specific questions pertaining to the implementation of this regulation, please contact Administrative Manager Christie E. Mattox at 410-260-7312 or Processing Control Manager Denise Davis at 410-260-7321. If you have questions pertaining to the completion of the tax return or registration form, or if you need additional forms, contact the OTP desk at 410-260-7707.

Thank you for your cooperation in helping to make the implementation of this tax a smooth transition.

Charles W. Ehart, DPA
Director
Alcohol and Tobacco Tax Division

Enclosures

For the deaf and hard of hearing: TTY users call via Maryland Relay at 711 in Maryland or 1-800-735-2258 from elsewhere. TTY: 410-767-1967 (Baltimore metro area). If you need a reasonable accommodation for a disability, please contact us before you visit. If you need the information in this publication in an alternate format, contact the Comptroller's Office.