

Bulletin



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No. TT-36

May 10, 2002

TO: All Cigarette Manufacturers

SUBJECT: Cigarette Tax Increase

The 2002 Session of the Maryland General Assembly enacted legislation to increase the cigarette excise tax from 66 cents to \$1.00 for a package of 20. The Governor is expected to sign this legislation shortly. As a result, effective June 1, 2002, a floor tax will be imposed on all cigarettes held in inventory bearing tax stamps affixed at the old rate. The tax increase and floor tax will impact cigarette manufacturers in two ways:

- 1) The procedures for the return of unsalable cigarettes by wholesalers, and
- 2) The stamped cigarette inventories held by manufacturers' representatives.

Cigarette distributors have been advised that all unsalable cigarettes bearing Maryland excise tax stamps must be returned to the cigarette manufacturers on or before May 31, 2002. This is essential as no inventory of Maryland taxed unsalable cigarettes shall be permitted on the distributor's premises at the close of business May 31, 2002.

Please instruct your sales representatives to return all unsalable cigarettes to the respective wholesalers by

May 24, 2002. This will allow the wholesalers to return all their unsalable cigarettes before May 31, 2002.

Enclosed is the tax return which manufacturers' representatives are required to file if they have Maryland cigarettes in their possession on May 31, 2002 bearing stamps at the old rates. Please duplicate as necessary. All cigarettes held in the possession of the manufacturers' representative must be counted. This includes cigarettes in vehicles, home, storage areas, etc. Any cigarettes held for free distribution upon which the tax has been paid need an additional payment to cover the newly imposed tax.

Any questions regarding the cigarette tax increase requirements should be directed to Ms. Michele Lindsay at (410) 260-7383. Your cooperation will help to insure a smooth transition.

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

Enclosures

