

# Bulletin

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**TT-55**

**December 5, 2007**

**To:** All Retailers and Consumers that File an Other Tobacco Products Tax Return

**Subject:** Other Tobacco Products Tax Rate Change for Retailers and Consumers

Pursuant to COMAR 03.02.02.08F, the Comptroller is required to perform an annual analysis and review, by December 1<sup>st</sup>, of the rate for other tobacco products tax (OTP) that applies to retailers and consumers required to pay the tax. Currently, the OTP tax rate for a retailer and consumer who owe the tax is 13% and 8%, respectively. The requirement in COMAR is to determine the OTP tax rate that yields an equivalent tax as if the manufacturer to wholesaler tax rate of 15% were applied at the retailer and consumer levels based on the average markups.

In order to meet the requirement of the aforementioned regulation, a survey to all known retailers and consumers who file an OTP tax return with this office was sent out on April 23, 2007. Based on the analysis of responses to the survey, an adjustment to the retail and consumer OTP tax factor is necessary.

Accordingly, effective January 1, 2008, all retailers who file an OTP tax return should use 14% as the effective rate applicable to OTP purchases. Use revised form COT-ATT-610 (attached) with the tax return due April 21, 2008. Retailers should continue to use the current OTP tax return form and rate of 13% for the current report period ending December 31, 2007 and due by January 21, 2008.

The OTP tax rate for consumers who pay the OTP tax will also be adjusted. The new rate for consumers who owe the OTP tax will be 9.85% effective January 1, 2008 on purchases of OTP. Consumers should use the revised form COT-ATT-610 with the tax return due April 21, 2008. Consumers should continue to use the current OTP tax return form and rate of 8% for the current report period ending December 31, 2007 and due by January 21, 2008.

For questions concerning this Bulletin or the OTP tax returns, please contact Taxpayer Service at 410-260-7314 or 410-260-7131. Additional OTP tax forms can be obtained by calling the above mentioned numbers or obtained from the Division's website at: [http://compnet.comp.state.md.us/MATT\\_Regulatory\\_Division/](http://compnet.comp.state.md.us/MATT_Regulatory_Division/).

Thad Russell  
Director

Attachment