

**** Legislature Enacts Tax Increases on Tobacco ****
Products, Fuels, Computer Software Services
to Take Effect July 31, 2013

The Department of Revenue has begun notifying taxpayers of their responsibilities under new legislative tax rules which take effect July 31, 2013. Notices are going out to 182 gasoline licensees and 1,253 special fuel licensees by mail and email about the three cent a gallon increase in state gasoline and special fuels taxes. Annual tax increases beginning in 2015 will be tied to the inflation rate.

DOR is also contacting 8,000 cigarette retailer licensees, 24 wholesalers and 175 cigar distributors of the \$1 a pack tax increase on cigarettes, 33.3% increase in cigars and smoking tobacco and 133% hike in smokeless tobacco products. Retailers are required to inventory cigarettes at the opening of business on July 31 and pay the increase in excise due on the inventory by August 20, 2013.

New forms and returns are being prepared and will be posted on the DOR website before the tax hikes take effect.

DOR is drafting initial guidance on expanding the sales tax base to include computer software services and we will be looking for input from affected taxpayers.