

# **Pennsylvania Tobacco Taxes**

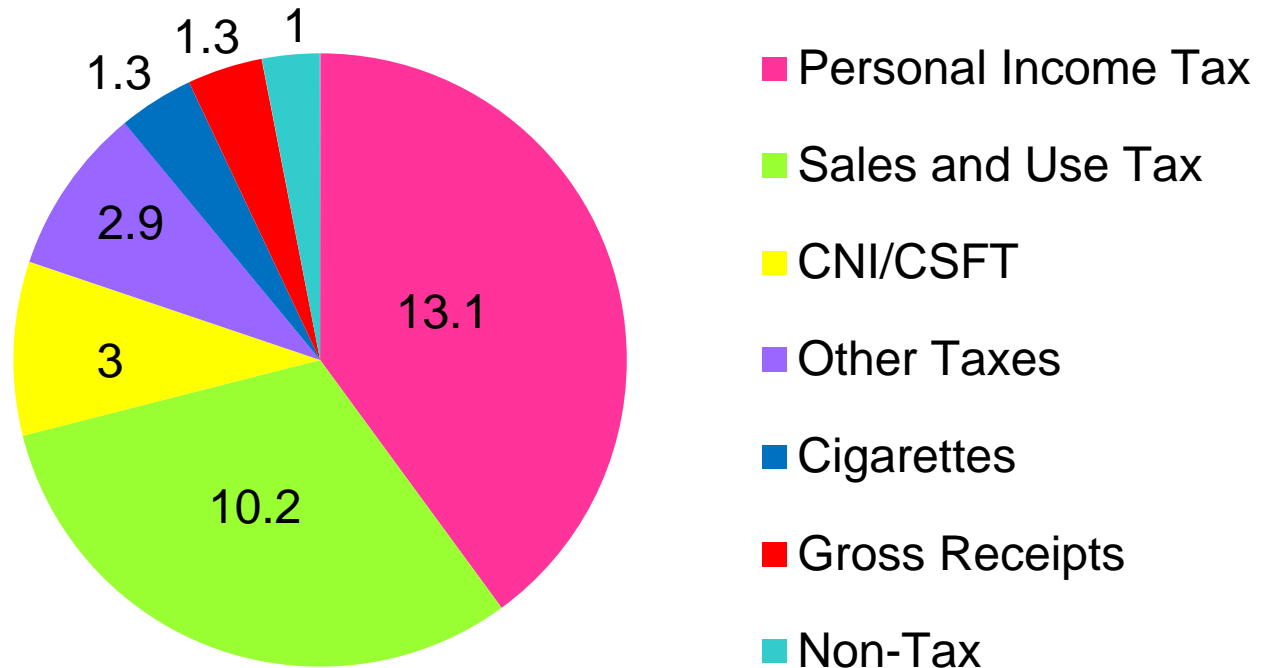
**Massachusetts Illegal Tobacco Task Force  
Boston, MA**

**October 13, 2016**



# \$31.5B Budget Passed

## 2016-2017 General Fund Revenues



Billions

# Cigarette Tax Increase

Cigarette Tax Increased \$1.00 on August 1, 2016.  
This includes:

- Little cigars (4lbs/1,000 or less)
- State tax rate = \$2.60/pack
- Philadelphia tax rate now \$4.60/pack
- Floor stocks tax required
- Return and remittance due in 90 days (10/31/2016)
- Estimated revenue projected = \$430M

## 72 P.S. § 8296:Disposition of Certain Funds

**\$58M GUARENTEED** annually from the sale of cigarettes in Philadelphia.

If the sale of cigarettes does not generate \$58M, the difference will be paid from General Fund Monies.

# Tobacco Products

Effective October 1, 2016

## This includes:

- Tobacco suitable for chewing, ingesting or smoking
- Roll-Your-Own (**effective date 12/15/2016**)
- E-Cigarettes and Vape (with and without nicotine)

## Exempt:

Cigars weighing greater than 4 lbs./1000

# Tobacco Products Tax Rates

- **OTP and RYO**

\$ .55 per ounce – proportionate tax on all fractional parts of an ounce.

1.2 oz. is minimum weight (\$.66)

product sold in weight less than 1.2 oz. is taxed at the 1.2 oz. rate

- **E-Cigarette and Vapor**  
40% of the purchase price

# Tobacco Products Revenue

- **Retailers** required to complete floor stock tax inventories 10/1/2016\*
- Return and remittance due in 90 days (12/29/2016)
- Estimated revenue projected = \$62.7M

\* **RYO Floor Tax Inventories 12/15/2016**



# OTP Licensing Requirements

**Annual license to coincide with cigarette license schedules.**

- Manufacturers (\$1,500)
- Wholesalers (\$1,500)
- Retailers/Vending (\$25)
- Dealers (\$25)

# Imposition of Tobacco Products Tax

- Licensed Manufacturer or Wholesaler collects the tax when sold to the retailer.
- If the tax is not collected by the seller from the retailer, the retailer is responsible for filing the return and remitting the tax.
- Consumers that buy from the Internet or mail order retailers that do not collect the tax, are responsible for payment of the tax.
- Exports for sale outside of PA are exempt.

## Reporting and Remitting Tax

- Manufacturers, Wholesalers, and Retailers shall file monthly reports and remit the tax on or before the 20<sup>th</sup> day of the month following the sale.
- Information should include tobacco products brand, amount sold, tax due and tax paid. Date sold, name and license number, total weight sold. Place shipped and the name of the common carrier.

# OTP Stamping Requirement

Stamps are not required for any OTP, RYO, E-Cigarettes or Vaping Products.

# Criminal Offenses and Violations

- **Floor Tax – 100% penalty for evasion**
  - 100% penalty for evasion
  - License suspension/revocation
  - Misdemeanor, \$2,500 - \$5,000 fine, up to 30 days imprisonment
- **Sale or Possession of Untaxed OTP**
  - Summary Offense
  - \$100 - \$1,000 fine and up to 60 days imprisonment
- **Willful/Intentional Evasion**
  - Felony, \$5,000 fine, up to 5 years imprisonment

# Criminal Offenses and Violations

- **Failure to File/ Fraudulent Reports**

Misdemeanor, \$500 fine, up to 1 year imprisonment

## **Failure to permit examination or inspection**

License suspension/revocation

Misdemeanor, \$500 fine, up to 1 year imprisonment

## **Sales without a license**

Summary, \$250-\$1,000 fine, up to 30 days imprisonment

# QUESTIONS?

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