

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer
Office of Tax and Revenue



Date: August 22, 2008

To: ALL WHOLESALERS OF DC CIGARETTES

Subject: Cigarette Excise Tax Increase

Bulletin #: 2008 - 06

Effective October 1, 2008, the District of Columbia cigarette excise tax will increase from \$1.00 to \$2.00 per pack of 20 cigarettes and \$1.25 to \$2.50 per pack of 25 cigarettes as described by DC Code section 47-2402(a). The new excise tax rate applies to previously stamped floor stock, including cigarettes in vending machines and all stamped cigarettes held by Wholesalers and Retailers for commercial distribution in DC.

You are required to take a physical inventory before the start of business on October 1, 2008 of all DC stamped cigarettes and/or loose tax stamps in stock to determine your floor tax. Enclosed is the floor tax return and instructions. Please submit the return and payment by October 21, 2008 to the Office of Tax and Revenue, Audit Division, Cigarette Tax Enforcement Unit, PO Box 556, Washington, DC 20044. Failure to file a floor tax return and make payment by October 21, 2008 will result in the imposition of penalty and interest and may result in criminal prosecution. In addition, the cigarette license issued to you may be subject to suspension or revocation for violation of Chapter 24 or of the regulations promulgated under this chapter [DC Code, 2001 Ed. Section 47-2404(f) & 47-2422(a)].

The Office of Tax and Revenue, Audit Division, will observe DC Licensed Wholesalers in their physical inventory of cigarettes on or before October 1, 2008. Please contact Audit Division at (202) 442-6602 to schedule an appointment.

Rolls or sheets of cigarette tax stamps at the new rate may be purchased from the District of Columbia Office of Finance and Treasury beginning September 15, 2008. Although these packs may be stamped prior to October 1, 2008, they must not be sold prior to this date. The DC cigarette tax law provides for penalties if such violations occur. Damaged and other unsalable cigarettes with

the “old stamp” should be returned to the cigarette manufacturer on or before September 30, 2008 in order to receive credit from DC Treasury.

We have enclosed in this notice a sheet of Frequently Asked Questions (FAQs) for the cigarette floor tax return. A copy of this notice and FAQ (including various translations) is available on our website at www.taxpayerservicecenter.com. Also, our website provides the floor tax return and instructions.

Questions relating to this law change should be directed to the Office of Tax and Revenue, Audit Division, at (202) 442-6602.

Thank you for your cooperation.