

PA Department of Revenue Criminal Tax Investigators Can:

- Provide cigarette tax law training to law enforcement.
- Investigate alleged violations of cigarette tax laws.
- File cases with local prosecutors.
- Seize cigarettes, vehicles and vending machines used in violation of cigarette tax laws.
- File in county court vehicle forfeiture petitions within 10 calendar days of arrest.
- Act as liaisons between law enforcement and the cigarette industry.
- Provide information on cigarette distributors, retailers and cigarette tax stamp serial numbers.
- Assist law enforcement in investigations involving cigarettes.
- Secure and dispose of confiscated cigarettes and vehicles during investigation court proceedings, then dispose of cigarettes and vehicles.
- Provide law enforcement with cigarettes and personnel for joint undercover operations.

If you suspect cigarette tax violations, need assistance or have any questions:

Call: 717-783-4649
Fax: 717-787-8289
E-mail: revocti@state.pa.us

Or write to:

PA Department of Revenue
Office of Criminal Tax Investigations
5th Floor, Strawberry Square
Harrisburg, PA 17128-0646

THE FACTS ABOUT CIGARETTE TAX EVASION:

- The PA Department of Revenue is charged with enforcing and verifying the compliance of the cigarette tax laws and regulations of the commonwealth.
- When Pennsylvania loses cigarette tax revenues from illegal activities, everyone loses.
- Profits from cigarette smuggling have funded terrorism acts against the U.S.
- Children who rely on the Children's Health Insurance Program Fund (CHIP) lose because they are cheated out of resources that should be available to provide health care.
- Citizens lose because they are deprived of tax dollars that support state programs like healthcare initiatives and farmland preservation.
- Honest cigarette retailers and wholesalers lose because they are forced to compete with profiteers who can reduce their prices by illegal activities.
- Everyone loses because black market cigarette operations contribute to crime in local neighborhoods.
- Cigarette sales raise about \$1.5 billion dollars per year. Revenue's goal is to assure maximum revenues in cigarette taxes for the benefit of Pennsylvania citizens.
- Master Settlement Agreement payments from the tobacco industry of almost \$350 million are used for additional health initiatives benefiting PA citizens.
- The enforcement effort is aimed at prosecuting tax evaders and protecting legitimate businesses from unfair competition.
- The department can provide information and support to law enforcement officials in their own investigations of stolen cigarettes. The Cigarette Tax Enforcement Unit is involved in numerous criminal investigations of suspected cigarette tax evasions every year. These investigations usually are the result of combined efforts of law enforcement officers and the department.
- Cigarettes purchased for personal consumption on the Internet – limited to one carton per purchase transaction, on which purchasers must pay state taxes – may not be resold.

CIGARETTE TAX FOR LAW ENFORCEMENT



What is Legal?

Cigarettes and little cigars are legally distributed in Pennsylvania by businesses that have received licenses issued by the department. Only licensed cigarette stamping agents (CSAs) or common carriers with authentic invoices may possess unstamped cigarettes or little cigars. The serial number of the PA cigarette tax stamp can be traced by the department to a CSA.



Above stamp displays a variable image of PA.

Packs of 20 cigarette or little cigars are affixed with yellow stamps.

Packs of 25 cigarettes or little cigars are affixed with orange stamps.

Fire-Safe Cigarettes

Beginning July 1, 2010, only tested, certified and stamped self-extinguishing cigarettes may be sold in Pennsylvania. By July 1, 2010, all Pennsylvania cigarette retailers must have all cigarettes not certified with approved package marking FSC adjacent to the barcode on the package removed from stock.

Retailers found selling non-fire-safe cigarettes after July 1, 2010, may be subject to fines of up to \$500 for each first offense and \$5,000 for subsequent offenses.

Wholesalers and stamping agents found in violation may be subject to a penalty not to exceed \$10,000 per sale and \$25,000 for subsequent offenses.

Cigarette Tax Applies to Little Cigars

As of Nov. 1, 2009, the definition of cigarettes was expanded to little cigars, those weighing four pounds per thousand or less. Therefore, little cigars are now subject to cigarette tax law and stamping requirements.

- Little cigars sold in packages of 20 or 25 are subject to the cigarette excise tax - \$1.60 per pack of 20, and \$2 per pack of 25 - and they must be stamped like cigarettes.

- Little cigars sold in other quantities became taxable at a rate of 8 cents per stick on Jan. 4, 2010. The tax will be charged and collected by the wholesaler from the retailer.
- Further, retailers of little cigars are now required to maintain a cigarette dealers license.
- Snuff, chew and loose tobacco are not taxable and therefore not regulated by the department.

What to Watch For:

- Packs without a PA Cigarette Tax Stamp.
- Packs affixed with other states' cigarette tax stamps.
- Packs without stamps affixed.
- Packs or cartons in large quantities being concealed while being transported, usually in garbage bags or under blankets or tarps.
- Sales of cigarettes or little cigars without a valid license.
- No purchase invoices.
- Large quantities of popular premium brands (i.e. Marlboro, Newport).
- Selling price considerably lower than advertised retail price.
- Packs marked "For Export Only".
- Cigarettes and little cigars offered for sale on the street or other odd locations.
- Packs offered for sale that show spelling errors, color variations, misalignment and/or printing errors.

Criminal Charges:

Title 72 P.S. § 201 to 230 and § 8201 to 8296

Violations of PA cigarette tax laws carry civil penalties of fines up to \$15,000 or equal to 200 percent of the cigarette value per violation and/or the filing of criminal charges.

Felony Charges:

- Willfully evading payment of PA cigarette tax - Up to \$15,000 fine and/or five years in jail.

- Tampering with cigarette stamping equipment - Up to \$5,000 fine and/or five years in jail.
- Possessing 300 or more cartons of cigarettes marked "For Export Only" - \$2,000 to \$20,000 fine and jail.

Misdemeanor Charges:

- Possessing five or more unstamped cartons or cartons not bearing PA cigarette tax stamps - \$1,000 to \$15,000 fine and/or up to three years in jail.
- Possessing 20 to 300 cartons of "For Export Only" cigarettes - \$1,000 to \$15,000 fine and jail.
- Failure to keep records, make any false records or failure to furnish records - \$500 fine, up to one year in jail and loss of license.

Summary Charges:

- Selling cigarettes or little cigars without a license - \$250 to \$1,000 fine.
- Selling one pack or more of unstamped cigarettes or little cigars or packs not bearing PA cigarette tax stamps - \$100 to \$1,000 fine and up to 60 days in jail.
- Possessing more than one, but less than five, unstamped cigarette cartons or cartons not bearing PA cigarette tax stamps - \$300 fine and/or up to 90 days in jail.
- Possessing 20 or less cartons of cigarettes designated "For Export Only" - \$250 to \$1,000 fine and jail.

Actions Leading to Seizure of Cigarettes, Little Cigars, Vehicles and Vending Machines:

- Any pack not bearing a PA cigarette tax stamp.
- Cigarettes or little cigars sold or offered for sale without a valid license or without invoices supporting legal purchase from a licensed dealer.
- Transporting 10 or more unstamped cigarette cartons (2,000 or more cigarettes) or cartons not bearing PA cigarette tax stamps can result in the loss of a vehicle.
- Vending machines can be impounded and their contents seized if the packs are not properly stamped.