

PENNSYLVANIA CIGARETTE REGULATIONS

Before a tobacco manufacturer's cigarettes may be sold in Pennsylvania, the manufacturer must comply with two state statutes. The Tobacco Enforcement Section of the Pennsylvania Office of the Attorney General (www.attorneygeneral.gov) is responsible for enforcing both laws.

Tobacco Settlement Agreement Act

This law requires manufacturers to become a party to the Master Settlement Agreement (MSA) and comply with its terms or pay into an escrow account as a non-participating manufacturer.

Tobacco Product Manufacturer Directory Act

This law requires manufacturers to certify compliance with the Tobacco Settlement Agreement Act, which provides for a directory of compliant cigarette manufacturers and a list of approved brands that may be sold in Pennsylvania. The Tobacco Product Directory can be found online at www.attorneygeneral.gov. If you wish to receive email notifications regarding changes to the directory, visit the online Tobacco Product Directory and complete the request form. For cigarette license assistance, please call 717-783-9374.

LITTLE CIGAR MANUFACTURES

Beginning Nov. 1, 2009, any person shipping little cigars within or into Pennsylvania is required to file form REV-1140, Little Cigars Shipping Report, with the Department of Revenue detailing the type and weight of little cigars shipped. The report is to be filed with the department within 14 days of shipment. Based on this information, the department maintains an online listing of taxable little cigars at www.revenue.state.pa.us.

FOR GENERAL TAX QUESTIONS:

Online Customer Service Center
www.revenue.state.pa.us

Taxpayer Service & Information Center
Personal Taxes: 717-787-8201
Business Taxes: 717-787-1064
e-Business Center: 717-783-6277

1-888-PATAXES (728-2937)
Touch-tone service is required for this automated 24-hour toll-free line. Call to order forms or check the status of a personal income tax account or property tax/rent rebate.

Automated Forms Ordering Service
1-800-362-2050

Services for Taxpayers with Special Hearing
and/or Speaking Needs
1-800-447-3020

Call or visit your local Department of Revenue district office, listed in the government pages of local telephone directories.

A GUIDE FOR PENNSYLVANIA CIGARETTE LICENSEES



TAXATION AND LICENSING OF CIGARETTES AND LITTLE CIGARS

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

LICENSE INFORMATION

In Pennsylvania, cigarette stamping agents, wholesalers, retailers and vending machine operators must be licensed as dealers by the PA Department of Revenue, and licensees must satisfy all state tax liabilities to remain in good standing and maintain licenses. All retailers of little cigars must also now be licensed.

License fees for over-the-counter and vending machine retailers are \$25 per location, plus \$25 per decal for vending machines. Wholesaler licenses cost \$500 each, and stamping agent/wholesaler licenses each cost \$1,500.

Cigarettes and little cigars may be legally distributed in Pennsylvania only by dealers licensed by the Department of Revenue.

Cigarette dealer licenses are applied for with a Pennsylvania Enterprise Registration form (PA-100), which can be completed online at www.pa100.state.pa.us. The form may also be downloaded from www.revenue.state.pa.us or requested by calling, toll-free, 1-800-362-2050.

All cigarette dealer licenses expire on the last day of February, and licenses must be renewed annually. Licenses are not transferable, and they are valid until expiration, unless surrendered or suspended/revoked by the Department of Revenue.

Over-the-counter retail and vending machine operators must obtain valid sales, use and hotel occupancy tax licenses in addition to cigarette dealer licenses.

A cigarette dealer license must be prominently displayed at the location for which it was

issued. Vending machine operators must display licenses at business headquarters, and each vending machine must have a valid decal affixed to it.

Records of all cigarette transactions must be maintained for four years at each licensed location.

CIGARETTE TAX STAMPS

All cigarette and little cigars in packs of 20 to 25 sticks for sale in Pennsylvania must be affixed with Pennsylvania cigarette tax stamps. Although Pennsylvania's cigarette tax – \$1.60 on a pack of 20 cigarettes/little cigars and \$2 on a pack of 25 cigarettes/little cigars – is ultimately imposed on the consumer, cigarette stamping agents are responsible for remitting the tax to Revenue and applying tax stamps to packs to indicate payment of the tax.

Little cigars sold in quantities other than 20 to 25 sticks per pack are considered unstampable. However, effective Jan. 4, 2010, they are subject to cigarette tax at the rate of 8 cents per stick. The tax will be charged and collected by the wholesaler from the retailer. Retailers that do not pay the tax to the wholesaler will be required to remit the tax of eight cents per stick directly to the department.

In Pennsylvania, it is illegal to sell unstamped cigarette/little cigar packs or packs stamped with any other state's tax stamp.

Only licensed cigarette stamping agents or common carriers with authentic invoices may possess unstamped cigarettes/little cigars.

FIRE-SAFE CIGARETTES

Beginning July 1, 2010, only tested, certified and stamped self-extinguishing cigarettes may be sold in Pennsylvania.

Therefore, by July 1, 2010, all Pennsylvania cigarette retailers must have removed from stock all cigarettes not certified with approved package marking **FSC** adjacent to the barcode

on the package. Approved marking is available from Revenue.

Retailers found selling non-firesafe 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 SALES GUIDELINES

By law, cigarettes and other tobacco products may only be sold to individuals 18 years of age or older.

Minimum Pricing: Pennsylvania is a fair trade state; therefore, the Department of Revenue sets minimum prices for all cigarette sales, and cigarettes may not be sold for less than the state-approved minimum price. It is illegal to break apart complimentary packages such as "buy one, get one free" promotions to sell as single packs.

Rebating: Pennsylvania law prohibits cigarette dealers from offering or accepting rebates as incentive to do business with one licensee over another. Revenue will suspend or revoke the license of any dealer participating in illegal rebating.

The PA Department of Revenue is charged with enforcing Pennsylvania's cigarette tax laws and regulations. The department's Cigarette Enforcement Division is responsible for conducting compliance inspections and criminal investigations. Violations can result in administrative or criminal penalties.

If you suspect cigarette tax violations, please call 717-783-4649, e-mail revocfi@state.pa.us or fax 717-787-8289.