

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



Date: January 4, 2010
To: ALL RETAILERS, VENDING MACHINE OPERATORS and STREET VENDORS
Subject: Other Tobacco Products Excise Tax
Bulletin #: 2009-14

Effective January 1, 2010, the FY2010 Budget Support Second Emergency Act of 2009 and the Tobacco Excise Tax Emergency Amendment Act of 2009 will impose an excise tax on the possession of other tobacco products. A weight-based excise tax of 75¢ per ounce and a proportionate tax at the same rate on all fractional parts of an ounce shall be imposed on the possession of other tobacco products.

Other tobacco products on which the excise tax will be levied are any product containing tobacco that is intended or expected to be consumed, other than a cigarette, cigar¹, premium cigar², or pipe tobacco. Some of the items include, but are not limited to chewing tobacco, snuff, roll-your-own tobacco and hookah tobacco.

The full 75¢ per ounce of floor tax will be due on the "other tobacco products" excluding moist snuff. The floor tax on moist snuff will be 45¢ since 30¢ of the 75¢ has already been paid by the retailer.

You are required to take a physical inventory before the start of business on January 1, 2010 of chewing tobacco, moist snuff, all other snuff, roll-your-own tobacco, hookah tobacco and all other tobacco products not listed, in stock to determine your floor tax. Enclosed is the floor tax return and instructions. Please submit the return and payment by January 21, 2009 to the Office of Tax and Revenue, Audit Division, Cigarette Tax Enforcement Unit, P.O. Box 556, Washington, DC 20044. Failure to file a floor tax return and make payment by January 1, 2009 will result in the imposition of penalty and interest and may result in criminal prosecution.

Corporate filers may elect to file a consolidated return and remittance on behalf of all subsidiary locations. The consolidated return should include a summary report of each subsidiary inventory subject to other tobacco products floor tax. In addition, each subsidiary is required to maintain a copy of the inventory and the floor tax return at the business location for inspection. Should a corporate filer choose to allow each subsidiary to file a floor tax return, filing instructions for filing an individual floor tax return apply.

Vending machine operators must send a list of all vending machines showing the location of machines with the floor tax return.

A copy of this notice 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, or via email at sherri.weithers@dc.gov.

Thank you for your cooperation.

¹ A cigar is defined as any roll for smoking (other than a cigarette or "little cigar") made wholly or in part of tobacco and where the wrapper or cover of the roll is made of natural leaf tobacco or any substance containing tobacco.

² A premium cigar means any cigar with a retail cost of \$2.00 or more, or packaged units of cigars averaging \$2.00 or more per packaged cigar at retail.