

Illinois Department of Revenue
101 West Jefferson Street
Springfield, Illinois 62708

INFORMATIONAL BULLETIN FY86-31

TO: Illinois Retailers

SUBJECT: Cigarette Tax

If you do not sell cigarettes at retail, please disregard this bulletin.

You were notified in September of a possible increase in the Illinois cigarette tax effective October 1, 1985. This increase, which was "tied to" a decrease in the federal excise tax, did not take place. However, on December 1, 1985, two changes regarding the taxation of cigarettes WILL take effect (See Public Act 84-1027).

First, the cigarette tax will increase by 4 mills per cigarette or 8¢ per package of 20, for a total state tax of 20¢ per package of 20, or 25¢ per package of 25. Please note you will not have to pay the increased tax (a "floor stock tax") on cigarettes which you have in your sales inventory on November 30.

Second, for all cigarette sales occurring on or after December 1, 1985 you will no longer be able to deduct cigarette tax when figuring your sales tax. That is, you will have to include cigarette tax (both state and home rule) when you figure how much sales tax to charge your customers on a package of cigarettes. Also, you will no longer be able to deduct cigarette tax on line 5 of your RR-1A tax return when you figure how much sales tax you owe the Department. We will be revising the sales tax return to exclude the line for the cigarette tax deduction.

If after December 1 you receive money from cigarette sales made in November or before, please use line 14 for the cigarette tax deduction. Be sure to identify the deduction as "Cigarette Tax 11-30-85" and include the number of packages @12¢ and the number @15¢ (plus any applicable home rule cigarette taxes).

If you have any questions, please call or write. Phone numbers and an address are at the top of this bulletin.

J. Thomas Johnson
Director of Revenue

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