

■ Cigarette Tax Increase

TO: Cigarette Distributors

Effective July 14, 1993, the Illinois Cigarette Tax rate increased from 15 mills per cigarette to 22 mills per cigarette.

What are the new tax rates for packages?

The new per-pack rates are

- 22 cents for a pack of 10,
- 44 cents for a pack of 20, and
- 55 cents for a pack of 25.

Prices for packaged quantities of cigarette tax stamps are as follows:

Machine-applied stamps:

- \$13,200 for a roll of 30,000 stamps (Series E - 44¢)
- \$2,640 for a roll of 4,800 stamps (Series F - 55¢)

Note: We have discontinued sales of packages of 6,000 stamps and 7,200 stamps until further notice.

Hand-applied stamps:

- \$22 for a sheet of 100 stamps (Series C - 22¢)

- \$44 for a sheet of 100 stamps (Series E - 44¢)

How do I file my return for July 1993?

The Cigarette Tax had two effective rates during July 1993:

- For July 1 through 13, all stamps purchased and inventoried are subject to the "old" rate.
- For July 14 through 31, all stamps purchased and inventoried are subject to the "new" rate.

Therefore, you must file **two returns** to report your cigarette inventory during July:

- For July 1 through 13, use the "old" return.
- For July 14 through 31, use the "new" return reflecting the new rate.

Both "old" and "new" returns for July are due on or before August 15, 1993.

For Form RC-6 filers...

To carry forward your inventory figures from the "old" to the "new" return, start with the dollar amount on "old" Form RC-6, Part B (Ciga-

rette Revenue Stamp Account Section), Line 5. Then add the dollar amount from Line 12 of Form RC-50, Cigarette Floor Stock Tax Return. Carry this total to "new" Form RC-6, Part B, Line 1.

For Form RC-6A filers...

To carry forward your inventory figures from the "old" to the "new" return, start with the dollar amount on "old" Form RC-6A, Part 3 (Stamp Usage Section), Line 17. Then add the dollar amount from Line 12 of Form RC-50, Cigarette Floor Stock Tax Return. Carry this total to "new" Form RC-6A, Part 3, Line 11.

Do I pay the tax increase on cigarettes in my inventory at the time the increase became effective?

Yes. Illinois stamped cigarettes in your inventory as of 12:01 a.m., July 14, 1993, are subject to a floor stock tax. If you have not reported your inventory and paid this one-time tax, you must pay this tax on Form RC-50, Cigarette Floor Stock Tax Return, before your next purchase of stamps or before your

July return is due, whichever is earlier.

Checks used for payment may be postdated no later than August 15, 1993.

Should I return unaffixed "old" stamps to the Department of Revenue for credit?

Yes. You will receive credit for returned unaffixed stamps at the face value of each stamp returned. Unaffixed stamps returned for credit must be returned to us by August 15, 1993.

What credit will I receive for stamped cigarettes I return to the manufacturer?

If we approve a claim for credit, the credit memorandum will equal the face value of the original affixed stamps.

We have notified the manufacturers that their affidavits for the return of cigarettes must indicate the color of the stamps being destroyed.

If I return stamped cigarettes to the manufacturer for which I paid the Floor Tax, how much credit will I receive?

We are developing procedures for returning distressed merchandise for which you paid the Floor Tax. We will provide you with this information when it is available.

What must I do when I submit a claim for credit?

When you submit Form RC-16, Cigarette Tax Claim for Credit, you must write the color of the stamps you are listing in Column B (series and denomination).

Questions?

If you have questions or need more information, please call or write us. Our telephone numbers and address are printed at the bottom of this bulletin.

