

■ Cigarette Tax Increase

TO: Cigarette Distributors

Effective December 15, 1997, the Illinois Cigarette Tax will increase from 22 mills per cigarette to 29 mills per cigarette.

What are the new tax rates for packages?

The new per-pack rates are

- 29 cents for a pack of 10
- 58 cents for a pack of 20
- 72.5 cents for a pack of 25

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

Machine applied stamps:

- \$17,400 for a roll of 30,000 stamps (Series E - 58¢)
- \$3,480 for a roll of 4,800 stamps (Series F - 72.5¢)

Hand applied stamps:

- \$29 for a sheet of 100 stamps (Series C - 29¢)
- \$4,176 for a roll of 7,200 stamps (Series E - 58¢)

How do I file my return for December 1997?

You must file a "new" return to report your cigarette inventory for December (Form RC-6, Cigarette Revenue Report, or Form RC-6-A, Out-of-State Cigarette Revenue Return, whichever is applicable). Your "new" return contains columns to report your inventory at both the "old" and the "new" rates. Your return for December is due on or before January 15, 1998.

Is there a floor stock tax?

No. That is, you and your customers may continue to sell any packages of cigarettes that have the "old" stamp affixed.

May I still purchase "old" stamps?

Yes. You may purchase "old" stamps through December 12. However, we reserve the right to limit the number of "old" stamps you can purchase based on availability.

May I apply "old" stamps to packages after December 14?

No. You may not affix "old" stamps to unstamped packages after December 14. We will have increased enforcement visibility to ensure that proper stamping of packages takes place.

Must I take an inventory of the unaffixed "old" stamps that I have at the close of business on December 14?

Yes. You must report the inventory of unaffixed "old" stamps that you have on hand as of the close of business on December 14, 1997, on Form RC-27-B, Declaration of Unaffixed Cigarette Stamps. This form is due to us by January 15, 1998.

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

Yes. You will receive credit for returned unaffixed stamps at the face value of each stamp returned. Credit amounts are subject to our verification.

Please return unaffixed stamps for credit to us by January 15, 1998. To receive credit for unaffixed stamps, you must send us the following items in the same package:

- any unaffixed stamps;
- a completed Form RC-16, Cigarette Tax Claim for Credit. You must write the color of the stamps you are listing in Step 2, Column B (series and denomination) of Form RC-16; and
- a completed Form RC-27-B, Declaration of Unaffixed Cigarette Stamps.

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.

May I purchase stamps at the “new” rate prior to December 15?

Yes. You may purchase stamps at the “new” rate before the new rate goes into effect on December 15. You must complete a revised Form RC-1-A, Cigarette Tax Stamp Order-Invoice, to order the “new” stamps. The stamps will be available for purchase starting December 10, 1997, in Springfield and Chicago.

May I purchase “new” stamps through the mail?

Yes. You may purchase “new” stamps through the mail. If you would like your purchase sent to you through the U.S. Postal Service’s regular mail, you must enclose the proper postage stamps with your order.

For your initial order only, you may receive your stamps using an overnight delivery service (*e.g.*, Federal Express, Airborne, UPS, or U.S. Postal Service). To do so, you must enclose your account number for that overnight service with your order. The overnight delivery will be billed to your account number. We recommend that you secure insurance from your overnight carrier for the delivery.

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.

For information or forms...

Call us at 217 785-2622.

Call our TDD (telecommunications device for the deaf) at 1 800 544-5304.

Write us at Illinois Department of Revenue, P.O. Box 19019, Springfield, IL 62794-9019.

Visit our Web site at <www.revenue.state.il.us>.

Call Illinois Tax Fax, our fax-on-demand service, at 217 785-3400.

Call our 24-hour Forms Order Line at 1 800 356-6302.

