



Informational

Bulletin

Brian Hamer, Director

Cigarette Tax Increase

To: Cigarette Distributors

This bulletin is written to inform you of recent changes; it does not replace statutes, rules and regulations, or court decisions.

For information or forms
Visit our website at:
tax.illinois.gov

Call us at:
217 782-6045

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

This bulletin supercedes Informational Bulletin FY 2012-10.

This bulletin provides information for cigarette distributors about the recent tax rate increase, the potential floor tax due on inventory, and the required forms. These changes are due to Public Act 97-0688.

What are the new tax rates effective June 24, 2012?

Effective **June 24, 2012**, the Illinois cigarette tax rate will increase by 50 mills per cigarette (from 49 mills to 99 mills per cigarette).

Per package of cigarettes the new rates are —

- \$1.98 per package of 20 cigarettes
- \$2.475 per package of 25 cigarettes

For machine applied stamps per roll the new rates are —

- \$59,400 for a roll of 30,000 stamps (used on packages of 20 cigarettes)
- \$11,880 for a roll of 4,800 stamps (used on packages of 25 cigarettes)

What forms must I complete and file?

You must complete Forms RC-50, 2012 Cigarette Floor Stock Tax Return, **and** RC-50-Inv, Report of Cigarette Stamp Inventory as of June 23, 2012. Both forms are due when you first make a purchase of cigarette stamps on or after June 24, 2012, or the first due date of a return, **whichever occurs first**.

Do I owe a floor tax?

If you have in your possession on June 23, 2012, either

- cigarettes to which stamps have been affixed **or**
- stamps in your possession that have not been affixed.

you may owe a floor tax. Figure your tax due on the Form RC-50.

When is my floor tax payment due? Is there a discount?

Your payment is due with your completed 2012 Form RC-50. You are allowed a discount if you fully pay with your timely filed Form RC-50 (see Line 19.)

Extended payment option (no discount allowed): If you want the extended payment option, follow the instructions on Form RC-50. Your first payment is still due with your Form RC-50. Payment plans must be paid in full within twelve months. Your minimum monthly payment is your tax due divided by twelve. Once we notify you that your payment plan is set up, you must make the remaining payments electronically through ACH debit.

When is the last date to order tax stamps at the “old” rate?

Stamps at the “old rate” are

- only available for **online orders** through *noon* on Wednesday, June 20, 2012.
- available at **walk-up locations** through Friday, June 22, 2012, during regular business hours.

When may I receive tax stamps at the “new” rate?

Monday, June 25th, 2012, is the first day orders for stamps at the new rate will be processed. The earliest date on which you may place your order for “new” rate stamps is Friday, June 22, 2012.

What rate may I receive for my claim for credit?

Credit will be given at the old rate for claims received during the 90 day period immediately following the date of the rate increase. Credit will be given at the new rate for claims received after the 90 day period. *We will use the envelope postmark and bill of lading to determine the 90 days.*

Note: If stamps are returned within the 90 days and we can tell by the roll number or stamp design that the stamps were purchased at the higher rate, we will credit the tax at the higher rate.

Are there any form changes?

Yes. We have revised the following returns, schedules, and invoice (revision date in lower left corner (R-6/12)). You **must** use these forms beginning with your June 2012 liability period or when making stamp purchases on or after June 24, 2012.

- Form RC-6, Cigarette Revenue Return
- Form RC-6-A, Out-of-State Cigarette Revenue Return
- Form RC-6-W, Cigarette Revenue Return Worksheet (use with Form RC-6)
- Form RC-6-A-W, Out-of State Cigarette Revenue Return Worksheet (use with Form RC-6-A)
- Form RC-10 Schedule CD, Out-of-State Cigarette Sales or Shipments
- Form RC-11 Schedule CE, Sales of Cigarettes to Licensed Illinois Distributors
- Form RC-12 Schedule CF, Inventory of Stamps and Cigarettes on Hand
- Form RC-12-A Schedule CF-1, Value of Stamps Purchased and Stamp Credit Memoranda
- Form RC-1-A, Cigarette Tax Stamp Order-Invoice

You may access these forms on our website at tax.illinois.gov.

What is the definition of “cigarette” effective July 1, 2012?

Effective July 1, 2012, “cigarette” means any roll for smoking made wholly or in part of tobacco: 1) irrespective of size or shape, whether or not such tobacco is flavored, adulterated or mixed with any other ingredient, and the wrapper is made of paper or 2) labeled as anything other than a cigarette or not bearing a label, if it **meets two or more of the following criteria:**

1. the product is sold in packs similar to cigarettes
2. the product is available for sale in cartons of ten packs
3. the product is sold in soft packs, hard packs, flip-top boxes, clam shells, or other cigarette-type boxes
4. the product is of a length and diameter similar to commercially-manufactured cigarettes
5. the product has a cellulose acetate or other integrated filter
6. the product is marketed or advertised to consumers as a cigarette or cigarette substitute
7. other evidence that the product fits within the definition of cigarette

For further details, see Informational Bulletin FY 2012-12, New Requirements for Tobacco Products Commonly Known as Little Cigars. You may access this bulletin on our website at tax.illinois.gov.