



# *informational*

## *Bulletin*

David Harris, Director

**Update:** SB 690 was enacted June 28, 2019, and is now Illinois Public Act (P.A.) 101-0031.

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](http://tax.illinois.gov)

Call us at:  
217 782-6045

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

## Cigarette Tax Increase

### *To: Licensed Illinois Cigarette Tax Distributors, Cigarette Use Tax Distributors, and Secondary Distributors*

[SB 690 \(as enrolled\)](#) was passed by the Illinois General Assembly, and it is anticipated that it will be signed by the Governor and become law effective July 1, 2019. This bulletin provides information for licensed Illinois Cigarette Tax and Cigarette Use Tax distributors, as well as Secondary Distributors, about this tax rate increase, the potential floor tax due on inventory, and required form filings.

### What are the tax rates effective July 1, 2019?

Upon the Governor's signature of SB 690, effective **July 1, 2019**, the Illinois Cigarette Tax and Cigarette Use Tax rate will increase by 50 mills per cigarette (from 99 mills to 149 mills per cigarette).

*Per package of cigarettes the new rates are —*

- \$2.98 per package of 20 cigarettes
- \$3.725 per package of 25 cigarettes

*For machine applied stamps per roll the new rates are —*

- \$89,400 for a roll of 30,000 stamps (used on packages of 20 cigarettes)
- \$17,880 for a roll of 4,800 stamps (used on packages of 25 cigarettes)

### Do I owe a floor tax?

You may owe a floor tax if you have in your possession\* on July 1, 2019, either of the following:

- packages of cigarettes with stamps affixed that were purchased at the rate of tax prior to July 1, 2019; **or**
- stamps in your possession that were purchased at the rate of tax in effect prior to July 1, 2019, and have not been affixed.

### What forms must I complete and file?

You must complete Form RC-50, Cigarette Floor Stock Tax Return. This form is due when you first make a purchase of cigarette stamps on or after July 1, 2019, or the due date of your first return filing (i.e., Form RC-6 or Form RC-6-A) after July 1, **whichever occurs first**.

\*This number must include any stamps from orders submitted electronically using the prior tax rate on or before 11:59 P.M., June 30, 2019, regardless of whether the stamps are physically in your possession on July 1, 2019.

All licensed distributors *must* complete Form RC-50, regardless of whether you report any tax due. Illinois Department of Revenue (IDOR) will **not** issue cigarette stamps to distributors until Form RC-50 has been received. The completed form should be emailed to the Alcohol, Tobacco, and Fuel Division (ATFD) at **REV.ATP-MFR@illinois.gov**. If tax is due, IDOR will initiate an ACH Debit to collect against the bank account that was designated for the purchase of cigarette tax stamps.

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

When your Form RC-50 has been processed by ATFD, IDOR will initiate an ACH Debit to collect against the bank account that was designated for the purchase of cigarette tax stamps. It may take up to three business days after the return has been processed for the debit to show on your account. You are allowed a 1.75% (.0175) discount if you fully pay the tax due and timely file Form RC-50 (see Line 12).

**Extended payment option (no discount allowed):** If you want the extended payment option, follow the instructions on Form RC-50. Your first payment will still be initiated by IDOR when your Form RC-50 has been processed. 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 by ACH Debit. You will not be allowed a discount if you choose the extended payment option.

**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 11:59 P.M. on Sunday, June 30, 2019.
- available at **walk-up locations** through Friday, June 28, 2019, during regular business hours.

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

Monday, July 1, 2019, is the first day that IDOR will process orders for stamps at the new rate. The earliest date that you may place your order electronically for “new” rate stamps is Monday, July 1, 2019, 12:00 A.M.

**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 determine 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. If stamps are returned after 90 days and we can determine by the roll number or stamp design that the stamps were purchased at the lower rate, we will credit the tax at the lower rate.

**Are there any form changes?**

Yes. We have revised the following returns, schedules, and invoice (revision date in lower left corner (R-06/19)). You **must** use these forms beginning with your July 2019 liability period or when making stamp purchases on or after July 1, 2019.

- Form RC-44, Cigarette Use Tax
- Form RC-55, Unstamped Little Cigar Sticks Tax Return
- Form RC-55-X, Amended Unstamped Little Cigar Sticks Tax Return
- Form RC-6 Instructions, Cigarette and Little Cigar Revenue Return Instructions
- Form RC-6-W, Cigarette Revenue Return Worksheet (use with Form RC-6)
- Form RC-12 Schedule CF, Inventory of Stamps and Cigarettes on Hand
- Form RC-6-X Instruction, Amended Cigarette and Little Cigar Revenue Return Instructions
- Form RC-6-A Instructions, Out-of-State Cigarette and Little Cigar Revenue Return Instructions
- Form RC-6-A-W, Out-of-State Cigarette and Little Cigar Revenue Return Worksheet
- Form RC-6-A-X Instructions, Amended Out-of-State Cigarette and Little Cigar Revenue Return
- Form RC-1-A, Cigarette Tax Stamp Order-Invoice

Distributors who have 30 or more transactions per month must file electronically. You can access these forms on our website at **tax.illinois.gov**.

**What is considered a “cigarette”?**

Until July 1, 2012, and beginning July 1, 2013, “cigarette” means any roll for smoking made wholly or in part of tobacco irrespective of size or shape and whether or not such tobacco is flavored, adulterated or mixed with any other ingredient, and the wrapper or cover of which is made of paper or any other substance or material except tobacco.-

See 35 ILCS 130/1, 135/1.