



MISSISSIPPI STATE TAX COMMISSION

Miscellaneous Tax Bureau

Notice 99-09-002

May 2009

Retailer Cigarette Excise Tax Increase

House Bill 364 was recently passed by the 2009 Legislature which amends Miss. Code Ann. § 27-69-13 by increasing the excise tax rate on cigarettes. Effective **May 15, 2009**, the tax rate on cigarettes sold in Mississippi is increased from 0.9 cents per cigarette to **3.4 cents** per cigarette. The new cigarette tax rate per 20 pack is **68 cents** and the new cigarette tax rate per 25 pack is **85 cents**.

Any Mississippi stamped cigarettes which are in **YOUR** inventory as a cigarette retailer as of the close of business on May 14, 2009 must be counted and a Floor Tax paid on these cigarettes. If you do not close before midnight on May 14, 2009, you are to count all cigarettes that you have in your inventory immediately after midnight, being at 12:00:01 a.m. on May 15, 2009, and pay the Floor Tax on these cigarettes. The cigarettes to be counted include not only the cigarettes that you have on display, but all cigarettes you have in your inventory regardless of the location. This Floor Tax is the difference between the new tax rate and the Mississippi Tobacco Tax previously paid on these cigarettes. This means that you will owe an additional **50 cents** for each 20 pack and **62 cents** for each 25 pack in your possession. Your count will be reported on the enclosed Floor Tax Return which will allow the current unsold inventory to be offered for sale at the appropriate rate of tax.

The enclosed Floor Tax Return with your payment of the Floor Tax is to be filed with the State Tax Commission on or before **June 15, 2009** at the address provided on the return. Any payment of the Floor Tax made to the State Tax Commission after **June 15, 2009** will be considered late and is subject to a penalty of fifty percent (50%) and interest of one percent (1%) per month. Failure to report and/or pay the Floor Tax will result in the assessment of this tax, penalties and/or interest against you and may result in the enrollment of a tax lien, the seizure and sale of your property and/or revocation of your tobacco permit.

Please be aware that State Tax Commission (STC) personnel will be visiting businesses in order to monitor the inventory count and/or to review documentation and information regarding the count. This will be done to verify the information included on the floor tax return. Pursuant to Miss. Code Ann. § 27-69-65, you are required to allow these STC employees access to your premises and to examine your stock, books, papers, records or any other information.

Also be advised that with the tax increase discussed above, Mississippi will begin using a new pink and blue tobacco stamp on **May 15, 2009**. The new stamp will indicate the tax has been paid at the appropriate rate. You may however continue to receive cigarettes with the old tobacco stamp from your wholesaler until approximately July 15, 2009. Under House Bill 364, with the payment of a floor tax, the wholesaler is allowed to sell the stamped cigarettes and use the old un-affixed lower rate tobacco stamps (but only up to a sixty days supply) which were in his inventory on May 15, 2009.

For your convenience all tobacco tax forms have been placed on the State Tax Commission website at www.mstc.state.ms.us. They may be found under the Tobacco Tax option below the Tax Areas heading. Any questions concerning this matter should be directed to the Tobacco Section at the number provided below.