



MISSISSIPPI STATE TAX COMMISSION

Miscellaneous Tax Bureau

Notice 99-09-001

May 2009

Wholesaler Cigarette Excise Tax Increase

House Bill 364, recently passed by the 2009 Legislature, amends Miss. Code Ann. § 27-69-13 to increase the excise tax rate on cigarettes. Effective **May 15, 2009**, the tax rate on cigarettes sold in Mississippi 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**. The new discount rate on cigarette stamp orders is **4.65%** of the value of the stamps ordered. The new rate will be reflected by the new pink and blue tobacco stamp which Mississippi will begin selling on **May 15, 2009**.

All un-affixed Mississippi cigarette stamps purchased at the rate prior to the tax increase (old Mississippi cigarette stamps) and all Mississippi stamped cigarettes in **YOUR** possession and/or inventory as of the close of business on May 14, 2009 must be counted. The Mississippi stamped cigarettes to be counted include not only those cigarettes at your business location(s), but also any other Mississippi stamped cigarettes that you own regardless of the location including those that are on your delivery trucks or are otherwise in transit. The count will be reported on the enclosed Floor Tax Return which will allow your current unsold inventory of Mississippi stamped cigarettes to be offered for sale at the appropriate rate of tax and will allow you to use up to an average sixty (60) day supply of the un-affixed old Mississippi cigarette stamps while you transition to the new stamps.

The Floor Tax will be the increase in the tax rate of **50 cents** for each 20 pack and **62 cents** for each 25 pack. You are required to pay this Floor Tax on all Mississippi stamped cigarettes in your possession and/or in your inventory at the begin of business on May 15, 2009. You are also required to pay this Floor Tax on all un-affixed old Mississippi cigarette stamps in your possession or under your control at the begin of business on May 15, 2009 and which are not being returned to the State Tax Commission (STC) as stamps in excess of your average sixty (60) day supply.

On or before June 5, 2009, you are required to return to the STC all un-affixed old Mississippi cigarette stamps (excluding partial rolls) that exceed your average sixty (60) day usage of stamps. You will receive a credit for these returned stamps computed at the old tax rate. This credit can only be used toward the purchase of new stamps and cannot be used against the Floor Tax or any other taxes, fees or monies owed to the STC. The average sixty (60) day usage is determined by dividing the total stamp usage in the last twelve month period by six. Any partial roll of stamps over the estimated sixty (60) day usage must be retained and included in the floor tax calculation. If you attempt to return partial rolls, you will be penalized \$10,000 per roll. Returned cigarette stamp rolls must be accompanied by the enclosed affidavit form. You must pay the postage on the returned stamp rolls.

The enclosed Floor Tax Return with your payment of the Floor Tax is to be filed with the STC on or before **June 15, 2009** at the address provided on the return. Any payment of the Floor Tax made to the STC 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. The floor tax return will not be considered timely filed and complete unless a list of identification numbers for each roll or sheet remaining in inventory is attached.

Wholesalers that are currently paying by electronic fund transfer (EFT) must pay the floor tax return by EFT. To pay timely by EFT, the payment must be called into the bank before 3 PM on Friday, June 12, 2009.

Please be aware that STC personnel will be visiting businesses in order to monitor the inventory count and/or review documentation and information regarding the count. This will be done to verify the information included on the floor tax return and/or to determine if you properly returned all of the old Mississippi cigarette stamps (excluding partial rolls) in excess of your average sixty (60) day supply. 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.

Due to the increased cost of cigarette stamps, bonded wholesalers may need to obtain a rider from your insurance surety company to increase the bonded amount. For any wholesaler wishing to obtain a bond, a blank consignment bond form has been enclosed in this packet. Any riders or new bond forms should be submitted to the attention of the Tobacco Section at the State Tax Commission. The address has been provided below.

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 on the front of this form.