



Cigarette Floor Stocks Tax Reminder

The Balanced Budget Act of 1997 (Public Law 105-33, Section 9302) imposed a floor stocks tax on cigarettes effective January 1, 2000, as a result of an increase in the Federal excise tax. The floor stocks tax is imposed on all Federally tax paid or tax determined cigarettes held for sale on that date. The tax is the difference between the previous excise tax rate and the new tax rate. The new tax rate for most cigarettes (Class A) is \$17.00 per thousand, which is an increase of \$5.00 per thousand. Therefore, the floor stocks tax is \$5.00 per thousand. This is equal to ten cents for a pack of 20 cigarettes or one dollar for a carton.

- ❑ If you hold or sell cigarettes, you must document (either by record or physical inventory) all tax paid or tax determined cigarettes held for sale on January 1, 2000. Take an inventory on or near the last day of business of 1999 to determine if you owe a floor stocks tax. Keep a copy of the inventory.
- ❑ You get a credit for up to \$500 of floor stocks tax. If your total tax liability is \$500 or less, then you do not owe the floor stocks tax. Subtract \$500 from your total computed floor stocks tax to determine if you owe tax or how much you owe.
- ❑ Controlled groups are eligible for only one credit of \$500 for the entire group. (If you are a member of a controlled group, you must share the credit of up to \$500 with other members of your controlled group. A controlled group results when one person or business maintains more than 50% control over a group of corporations, non-incorporated entities, or a combination of corporate and non-corporate entities.)
- ❑ If you do not owe tax, you do not need to complete or mail a tax return.

(Additional information on back.)

- If you owe tax, complete a tax return, ATF Form 5000.28T (2000 Floor Stocks Tax Return), and pay the amount owed by March 31, 2000. Mail the tax return to:

**Bureau of Alcohol, Tobacco and Firearms
P.O. Box 371951
Pittsburgh, PA 15251-7951**

If you are liable for this tax, you may obtain a tax return and instructions from the following:

- ◆ For more information on the Floor Stocks Tax, the tax increase, and tobacco law changes visit the ATF web page at <http://www.atf.treas.gov>. and look under the "Breaking News".
- ◆ Click on the Forms button to obtain the Floor Stocks Tax form, ATF Form 5000.28T.
- ◆ Call the ATF National Revenue Center at 800-398-2282 or 513-684-7151.
- ◆ Call your local ATF Industry Operations Office.