



Department of the Treasury

Alcohol and Tobacco Tax and Trade Bureau



Press Release

For Immediate Release
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INCREASE IN FEDERAL EXCISE TAX AND IMPOSITION OF FLOOR STOCKS TAX ON TOBACCO PRODUCTS, CIGARETTE PAPERS, AND CIGARETTE TUBES

Washington, D.C. - The Children's Health Insurance Program Reauthorization Act of 2009 ("Act," Public Law 111-3), was signed into law on February 4, 2009. The Act increases the Federal excise tax on all tobacco products and cigarette papers and cigarette tubes, effective April 1, 2009.

In addition, the Act imposes a floor stocks tax on all tobacco products (except large cigars), cigarette papers and cigarette tubes held for sale on April 1, 2009. A floor stocks tax is a one-time excise tax placed on a commodity undergoing a tax increase. The amount of the floor stocks tax is equal to the difference between the new tax rate and the one just previous to it. Any person who holds tobacco products (except large cigars), cigarette papers, or cigarette tubes is liable for the floor stocks tax on April 1, 2009. This includes, for example, wholesalers and retail dealers, as well as manufacturers and importers who are holding taxpaid or tax determined products. Each person is allowed a credit against the tax of \$500. Liability for the floor stocks tax must be established by inventory. The Act stipulates that the floor stocks tax must be paid on or before August 1, 2009. Because August 1 is a Saturday, the floor stocks tax must be paid on or before the preceding day, July 31, 2009.

The new tax rates effective April 1, 2009 can be found on our web site at;
http://www.ttb.gov/main_pages/schip-summary.shtml

Detailed information to assist industry members in complying with the provisions of the Act are available at http://www.ttb.gov/industry_circulars/archives/2009/ic2009_01.html.

The floor stocks tax return forms can be found at; [2009 Floor Stocks Tax Return \(TTB F 5000.28T09\)](#) and [Instructions for TTB F 5000.28T09](#).

TTB will publish in the Federal Register several rulemaking documents implementing the provisions of the Act in the near future. In the meantime, if you have any questions regarding the Federal excise tax increase or the floor stock tax imposed by the Act, please contact the TTB National Revenue Center by email at FloorStocksTax@ttb.gov or by telephone at 1-877-882-3277 or 513-684-3334.
