

**New Hampshire Department of Revenue Administration
109 Pleasant Street, Concord, NH 03301**

**TECHNICAL INFORMATION RELEASE
TIR 2009-006 Date June 26, 2009**

A Technical Information Release is designed to provide immediate information regarding tax laws administered by the Department or the policy positions of the Department as a service to taxpayers and practitioners. A Technical Information Release represents the position of the Department on the limited issues discussed herein based on current law and Department interpretation. For the current status of any tax law, practitioners and taxpayers should consult the source documents (i.e., Revised Statutes Annotated, Rules, Case Law, Session Laws, etc.). Questions should be directed to Central Taxpayer Services at (603) 271-2191.

Tobacco Tax Increase

The Legislature has enacted an increase in the New Hampshire tobacco tax and an expansion of the tax to include snuff and certain cigars effective July 1, 2009. The new rates are as follows:

- The tax rate for each pack containing 20 cigarettes is increased from \$1.33 to **\$1.78** per pack – a 45¢ increase.
- The tax rate for each pack containing 25 cigarettes is increased from \$1.66 to **\$2.23** per pack – a 57¢ increase.
- The tax rate for all other tobacco products, except premium cigars, is increased from 19 percent to **48.59 percent** of the wholesale sales price.

Tobacco licensees are responsible for the increased tax on every stamped pack of cigarettes, every unaffixed tobacco stamp, and every other tobacco product, except premium cigars, in the licensees possession on July 1, 2009. Therefore, at the close of business on **June 30, 2009**, tobacco licensees must inventory all stamped cigarette packs, all unaffixed tobacco stamps, and prepare a tax return reporting the additional tobacco tax due.

The tax does not apply to “Premium Cigars” which are defined as cigars which are made entirely by hand of all natural tobacco leaf, hand constructed and hand wrapped, wholesaling for \$2.00 or more, and weighing more than 3 pounds per 1,000 cigars. These cigars are required to be kept in a humidor.

A Tobacco Floor Tax Inventory and Return Form (DP 196) is being mailed to all licensees. Licensees who do not receive the forms in the mail are responsible for obtaining the forms either on-line at nh.gov/revenue/forms or by calling our forms line at (603) 271-2192. The completed Tobacco Floor Tax Inventory and Return form must be mailed to the NH Department of Revenue Administration on or before **July 20, 2009**.

Payment of the tax may be sent to the Department with the Tobacco Floor Tax Inventory and Return Form (DP 196 – PYT) or may be remitted separately using a Tobacco Floor Tax Return Payment Form on or before **August 15, 2009**.

Retailers and wholesalers are reminded that tobacco products and tobacco stamps are considered to be in the possession of the retailer or wholesaler regardless of the product or stamps being in the store, the warehouse, or in the storage room. Wholesalers must include undelivered product in the inventory and return if the product is on the dock, in the truck, or otherwise in transit.

Wholesalers and retailers may enter into a written agreement as to which party is responsible for paying the increased tax. A copy of any such written agreement must be attached to the inventory and return form.

Department personnel will be making random compliance inspections of licensees. Late-filed returns and payments are subject to penalty and interest assessments.

Individuals who need auxiliary aids for effective communication in programs and services of the Department of Revenue Administration are invited to make their needs and preferences known to the N.H. Department of Revenue Administration, 109 Pleasant Street, Concord, NH 03301 or by contacting them at (603) 271-2191.