

Bulletin

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TT-47 (Formerly TT-23)

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To: Wholesalers and Retailers of Other Tobacco Products and Other Interested Parties

Subject: Tax on Other Tobacco Products

The 1999 Maryland General Assembly enacted legislation that created the excise tax on Other Tobacco Products (OTP), which includes cigars, pipe tobacco, chewing tobacco, and snuff. The tax was effective July 1, 2000.

The law, as contained in Title 12 of the Tax-General Article of the Annotated Code of Maryland, establishes an OTP tax rate of 15% of the wholesale cost of OTP. Wholesale price is defined as “the price for which a wholesaler buys other tobacco products exclusive of any discount, trade allowance, rebate, or other reduction.” The law further provides that the comptroller shall establish by regulation “a system of administering, collecting, and enforcing the tobacco tax on other tobacco products,” including a provision to collect the tax from a retailer or consumer in Maryland who possesses OTP upon which the tax has not been paid.

Pursuant to this legislative requirement, Regulation 03.02.02.08 (copy enclosed) was promulgated and took effect May 29, 2000. This regulation sets forth the methods of collecting the tax and the respective reporting requirements for wholesalers, retailers and consumers. While the wholesaler bears primary responsibility for remitting the tax, retailers and consumers must file a return and remit the tax on a quarterly basis in the absence of “proof or evidence of tax payment” as outlined in Section C of the regulation.

A supply of form ATTB-609 (Wholesaler Tax Return) or form ATTB-610 (Retailer and Consumer Tax Return) is enclosed for your use. *Note that the monthly wholesale tax return is due no later than the 21st day of the month following the month which the return covers, and the retailer/consumer tax return is due no later than the 21st day of the month following the quarter which the return covers.*

In addition to filing a tax return, wholesalers and retailers who sell OTP in Maryland must register with the Alcohol and Tobacco Tax Bureau as required by Section D of the regulation. While there is no fee for this registration, wholesalers and retailers must register before making any OTP sales in Maryland. Enclosed please find registration application form ATTB-10-1, which should be completed and submitted to the Alcohol and Tobacco Tax Bureau.

Failure to register and remit the applicable OTP tax when due could result in: (1) assessment of interest for late payments, (2) a tax penalty up to 25% of the tax due, and/or (3) confiscation of any OTP products in Maryland upon which the tax has not been remitted.

Questions pertaining to these procedures and requirements should be directed to the Alcohol and Tobacco Tax Bureau at 410-260-7318. Thank you for your cooperation.

Larry W. Tolliver
Director

Enclosures