

Cigarette Tax

MARCH 2015

This publication provides general information about the cigarette tax. It does not cover every aspect of the tax. In addition, it does not change or overrule any administrative regulation or ruling issued by the Department of Revenue.

DID YOU KNOW . . .

If you buy cigarettes in another state and bring them back to Washington, you may owe Washington taxes.

Cigarettes purchased at military installations also carry some restrictions.

If you possess untaxed cigarettes in Washington, you may be subject to penalties.

Note: An additional cigarette tax is collected by the United States government. The federal excise tax is normally collected when a manufacturer removes cigarettes from the factory or when an importer removes cigarettes from customs custody.

TAXES ON CIGARETTES

Washington imposes a cigarette tax on the sale, use, consumption, possession or distribution of cigarettes.

The Washington tax on a pack of 20 cigarettes is \$3.025 and on a pack of 25 cigarettes is \$3.78125.

Cigarette tax is paid by purchasing tax stamps. The stamps must be affixed to cigarette packs to show proof of payment of the tax.

Cigarettes possessed in Washington are subject to cigarette tax and either the sales or use tax. Use tax is due on items that are used in Washington, including cigarettes, that are purchased without paying sales tax. Use tax is calculated in the same manner as the sales tax.

You are entitled to a credit for sales or use taxes paid to another state. There is no credit for cigarette taxes paid to another state.

When a consumer purchases cigarettes from a Washington retailer, the cigarette tax is included in the purchase price (tax stamp should be affixed to the package) and the sales tax is collected.

UNTAXED CIGARETTE PURCHASES BY CONSUMERS

Effective July 26, 2009 it is illegal to ship or transport cigarettes ordered or purchased by mail or through the internet to anyone in Washington State other than a licensed cigarette retailer or wholesaler. Shipping or transporting of unstamped cigarettes ordered or purchased by mail or through the internet to a consumer is a class C felony (maximum fine of \$5,000).

If a consumer buys cigarettes from an out-of-state retailer (i.e. while visiting Oregon or Idaho) or from an in-state tribal retailer (without a Washington or tribal tax paid stamp affixed), Washington's cigarette and use taxes must be paid directly to the Department of Revenue on a Tax Declaration for Cigarettes form within 72 hours of possession of the cigarettes. The tax declaration form is available on our website dor.wa.gov or by calling 1-800-647-7706.

Keep a copy of the completed form and evidence of payment to support your legal possession of unstamped cigarettes. If you have unstamped cigarettes in your possession and you are stopped by law enforcement officers, you must have evidence with you that you intended to report and pay any taxes due, such as the completed tax declaration. If you do not have this evidence with you, the cigarettes will be considered contraband.

PENALTIES FOR POSSESSION OF UNTAXED CIGARETTES

Any untaxed cigarettes found in your possession are considered contraband and, under state law, are subject to seizure and forfeiture. You will be assessed cigarette tax, sales or use tax, a 5% assessment penalty and a remedial penalty at the greater of \$250 or \$10 per pack.

Possession of 50 cartons or less of untaxed cigarettes, without proper notice, authorization and documentation is a misdemeanor. Possession of more than 50 cartons, without proper notice, authorization and documentation is a class C felony.

TRIBAL RESERVATIONS

Most tribes collect tribal cigarette and sales tax in place of the state taxes pursuant to tax agreements between the tribes and the state. Anyone of legal age may purchase and possess cigarettes from tribal retailers covered by one of these contracts.

Enrolled tribal members may purchase cigarettes within their tribe's jurisdiction without paying state taxes. Some Native American tribes receive an allocation of tax exempt cigarettes for this purpose.

Tribal retailers are obligated to collect tax on sales to individuals who are not enrolled members of the tribe. If a state tax or a tribal tax is not collected, non-tribal members who purchase cigarettes on reservations must pay state cigarette and use taxes on their purchases. To remit the tax, see section on "untaxed cigarette purchases by consumers" on page 1.

MILITARY RESERVATIONS

If you are on active duty or retired military person, or a dependent, you are entitled to purchase cigarettes on military reservations for your own use without owing any state tax.

Military personnel are not allowed to purchase cigarettes to give or resell to others. The military may revoke your commissary and exchange privileges if you are caught doing so. Also, the person receiving the cigarettes will be subject to the taxes and penalties described on page 1.

Note: Cigarette sales at non-military retail outlets to military personnel are taxable.

ROLL YOUR OWN CIGARETTES

Effective July 1, 2012 retailers who provide customers with access to a commercial roll-your-own (RYO) cigarette-making machine are required to provide containers for customers to transport RYO cigarettes from the retailer's place of business and to affix special RYO cigarette tax stamps to each container provided. Cigarette tubes/papers must be provided in one or more 20-units denominations.

CIGARETTE STAMPS

PROOF OF TAX PAID

In Washington, all cigarettes, except those sold on military reservations, should have a cigarette stamp affixed to the bottom of each pack or RYO container.

Washington State distributes stamps with serial numbers and various colors. Cigarettes on which Washington State cigarette taxes have been paid will have pink and blue stamps on 20-packs, and blue, white and silver stamps on 25-packs. RYO cigarettes will have a yellow and black stamp on a 20 cigarette container and violet and black stamp on a 200 cigarette container. Tax-exempt cigarettes sold on Indian reservations to tribal members will have green and white stamps labeled "Washington Tax Exempt."

Most tribes have signed contracts to sell cigarettes and are collecting tribal taxes in place of state taxes. All cigarettes sold by tribes under an agreement will have either a green compact stamp or their own tax stamp.

Purchases of tribally stamped cigarettes by non-tribal members are intended for personal use only and not for re-sale.

ENFORCEMENT

The Liquor and Cannabis Board enforces the cigarette tax for Washington State. The Board enforces retail and wholesale licensing, sales to minors, vending machine sales, sampling and illegal cigarette sales and possession.

For more information on cigarette enforcement activities or to file a complaint or a tip, you can visit the Liquor and Cannabis Board's website www.liq.wa.gov.

LICENSING

Retail, wholesale and vending machine cigarette licenses must be obtained through the Business Licenses Services. They can be reached by calling (800) 451-7985 or visiting their website at www.bls.dor.wa.gov.

Annual license fees are:

Wholesaler.....	\$650
Branch Wholesaler.....	\$115
Retailer.....	\$93
Commercial Cigarette Making Machine.....	\$93
Vending Machine.....	\$30

Wholesalers are required to post a \$5,000 Proper Performance Bond. Retailers and wholesalers are required to complete a personal/criminal history statement.

CIGARETTE TAX FUNDING

The cigarette tax is currently deposited into the state's general fund, which supports most state services. In the fiscal year 2011 (July 1, 2010 thru June 30, 2011), the cigarette tax generated \$432.6 million.

Cigarette tax stamps used in Washington State

Washington State distributes these ten stamps:

Regular stamps for packs containing 20 cigarettes



Stamps for wide packs or hand stamping



Stamps for packs containing 25 cigarettes



Indian allocation tax exempt stamps for sale to enrolled tribal members only



Actual sizes of stamps:



Effective July 1, 2012, retailers who provide customers with access to a commercial roll-your-own (RYO) cigarette-making machine are required to provide containers for customers to transport RYO cigarettes from the retailer's place of business and to affix cigarette tax stamps to each container provided.

Stamps for containers of 20 cigarettes



Stamps for containers of 200 cigarettes



Actual size of stamp:



These compact tribes have designed their own stamps. Cigarettes bearing these stamps can be purchased by anyone and are legal on and off the reservation.

Chehalis



Colville



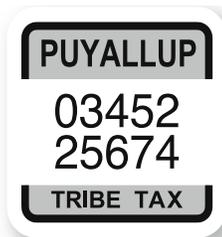
Kalispel



Lower Elwha Klallam



Puyallup sells cigarettes with two types of stamps



Shoalwater Bay



Spokane



Squaxin Island sells cigarettes with two types of stamps



Stillaguamish



Swinomish



Tulalip



Upper Skagit



Actual sizes of stamps:



Compact stamps are used by tribes that have signed a contract with the state to collect cigarette and sales taxes. Cigarettes with compact stamps can be purchased by anyone and are legal on and off the reservation.



Actual size of stamp:



These tribes use the generic compact stamp:

- | | |
|-----------------------|---------------|
| Jamestown S'Klallam | Quinault |
| Lummi | Sauk-Suiattle |
| Muckleshoot | Skokomish |
| Nisqually | Snoqualmie |
| Nooksack | Suquamish |
| Port Gamble S'Klallam | |

SPECIAL NOTICE

Special notice dated May 25, 2012 - Commercial cigarette-making machines operated at retail establishments and the taxation of roll-your-own cigarettes.

Special Notice dated April 13, 2010 - Cigarette tax rate increases, identifies the new tax rate that began May 1, 2010.

FORMS

Tax Declaration for Cigarettes (#82-2090)

Washington Cigarette Wholesaler Information (#82-2099)

LAWS AND RULES

Revised Code of Washington (RCW) Chapter 82.24
Tax on cigarettes

Washington Administrative Code (WAC) WAC 458-20-186
Tax on cigarettes

WAC 458-20-192
Indians - Indian Country

Special notices, forms, rules and laws and other publications are available on our website at dor.wa.gov or you can request copies by calling our Telephone Information Center at 1-800-647-7706.

FOR MORE INFORMATION

If you have specific questions about the cigarette tax, contact the Department of Revenue at 1-360-534-1503, option 3.

You may also write to:

**Special Programs
Washington State
Department of Revenue**
PO Box 47477
Olympia, WA 98504-7477
FAX (360) 534-1499

Resources to help quit smoking

Washington State Department of Health Tobacco Quit Line website: quitline.com

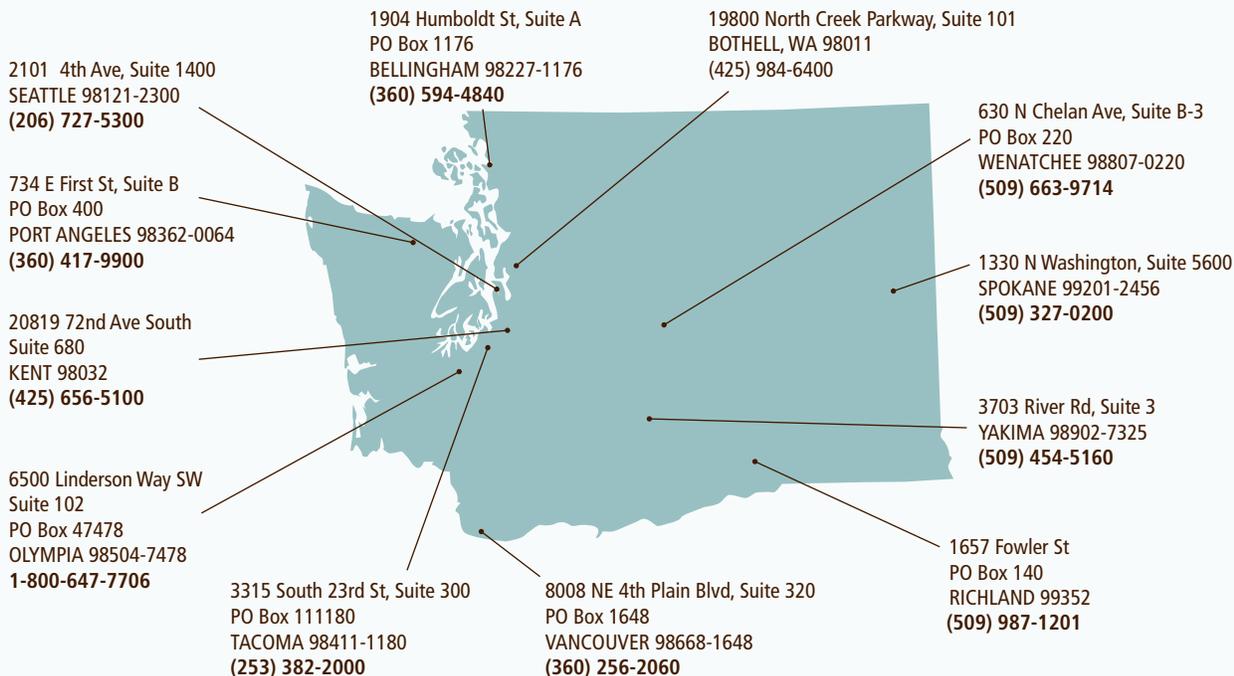
Washington Tobacco Quit Line Phone Numbers: 1-800-QUIT-NOW (1-800-784-8669)

Spanish Line: 1-877-2NO-FUME (1-877-266-3863)

Hearing Impaired: 1-877-777-6534

DEPARTMENT OF REVENUE TAXPAYER ASSISTANCE

LOCAL OFFICE LOCATIONS



TELEPHONE INFORMATION CENTER

1-800-647-7706

WEBSITE

DOR.WA.GOV

For tax assistance or to request this document in an alternate format, visit our website, dor.wa.gov or call 1-800-647-7706. Teletype (TTY) users may call (360) 705-6718.

The information contained in this fact sheet is current as of the date of this publication and provides general information about Washington's business taxes. It does not cover every aspect of the taxes, nor does it alter or supersede any administrative regulations or rulings issued by the Department.