

Administrative Release

Comptroller of Maryland • Alcohol and Tobacco Tax Bureau • Goldstein Treasury Building
P.O. Box 2999 • Annapolis, Maryland 21404-2999 • Telephone: 410-260-7314 • Fax: 410-974-3201
Web Site: <http://compnet.comp.state.md.us/red/>

TT-8

September 22, 2004

To: All Maryland Cigarette Wholesalers

Subject: Cigarette Tax Assessments

The Maryland cigarette tax laws can be found in Tax-General Article, Title 12 – Tobacco Tax. In addition to setting the tobacco tax rate for cigarettes, Section 12-103 requires the cigarette tax to be applied to **any cigarette in Maryland**. This section goes on to state that a person who possesses cigarettes has the burden of proving that the cigarettes are not subject to the state tobacco tax.

The current Comptroller's Office audit assessment policy with respect to Maryland based cigarette wholesalers was implemented in February of 2003. That policy has been not to apply the Maryland cigarette tax to the wholesaler's inventory of non-taxed cigarettes. These are the cigarettes to be accounted for during the audit period that were not stamped with either a Maryland tax stamp or any other jurisdiction's tax stamp, and were not otherwise exempt.

After review of this procedure, we have formed the opinion that this policy is not in compliance with the aforementioned statutory references. Accordingly, effective this date, it shall be the policy of the Comptroller to assess for any cigarettes acquired into a Maryland cigarette wholesaler's inventory that are determined to be non-taxed (i.e. non-stamped), and are not otherwise exempt from the state cigarette tax.

Should you have any questions regarding this Administrative Release, please contact Alexander Porter in the Baltimore office at 410-767-4878 or Christie Mattox at 410-260-7312.

Larry W. Tolliver
Director