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## Changes in Alabama's Tobacco Tax Law Seek to Curb Evasion *Alabama Tobacco Tax Law Changes Effective Oct. 1, 2014*

Montgomery, June 30, 2014—The Alabama Department of Revenue (ADOR) recently notified Alabama tobacco wholesalers and retailers of several significant changes in Alabama's tobacco tax law that will become effective later this year.

“During the 2014 legislative session, Act 2014-262 was passed which established a new category for filtered cigars, removed references to retail selling price of cigars, eliminated rates that were no longer used on cigars, as well as refined the reporting requirements of all tobacco wholesalers and retailers,” explained State Revenue Commissioner Julie P. Magee. “The changes made by Act 2014-262 will benefit the industry on the whole, but will certainly make it harder and more difficult for unscrupulous individuals to evade tobacco taxes,” added Magee.

The provisions of Act 2014-262 will become effective Oct. 1, 2014.

Specifically, the new law establishes a separate category and tobacco tax rates, based on weight per thousand, for “filtered” cigars, ranging from \$0.04 per ten cigars weighing three pounds or less per thousand to \$0.015 each for filtered cigars weighing more than three pounds per thousand. The rate for all other cigars will remain at \$0.0405 per cigar or \$40.50 per thousand.

Rates for cigarettes and other tobacco products are not affected by Act 2014-262.

In addition to the modifications for cigars, the new law also provides several new reporting requirements and changes in how tobacco wholesalers and retailers report state and local tobacco taxes, as well as tougher enforcement provisions related to unreported tobacco tax and contraband products.

“All of these reporting changes will help address tobacco tax evasion in Alabama,” said Magee. “Over the last several years, the department has ramped up its efforts to combat this growing problem that seems to be affecting all states, not just Alabama. We have worked with industry leaders and trade associations in our state to come up with ways to confront this problem head-on, without imposing unrealistic recordkeeping burdens upon Alabama's tobacco wholesalers and retailers,” said Magee.

Notices were sent to all Alabama tobacco wholesalers and retailers of record earlier this month, according to Magee, informing them of the important law changes that will affect their reporting and recordkeeping responsibilities. View a copy of the NOTICE at <http://revenue.alabama.gov/tobaccotax/amendment-tt-262.cfm>.

For more information about Alabama's tobacco taxes, log onto ADOR's website at [www.revenue.alabama.gov](http://www.revenue.alabama.gov) and click on <http://revenue.alabama.gov/tobaccotax/>.