

Floor Stock Inventory FAQs

Q: Did the tax go up on cigarettes?

A: Yes. The 2009 legislature passed a bill that places a surcharge on cigarettes at the rate of \$1.00 per pack for a regular pack of 20 cigarettes, with proportionate amounts for other size packages. This bill also places a surcharge on other tobacco products at the rate of 60% of the wholesale sales price. This surcharge is effective July 1, 2009.

Q: What is the cigarette and tobacco surcharge?

A: The cigarette and tobacco surcharge is an additional fee placed at the wholesale level on cigarettes and tobacco products that will be sold to retailers. This fee is then forwarded on through the retailer to the ultimate consumer.

Q: What is the cigarette and tobacco floor stock inventory?

A: On July 1, 2009, all cigarette and tobacco wholesalers and retailers will take inventory of the cigarettes and other tobacco products in their possession prior to opening for business on that day. Each wholesaler and retailer will count the number of Florida stamped packs of cigarettes in their possession and calculate the number of stamped packs x \$1.00 per pack (or the per cigarette equivalent of 5¢ per stick) to arrive at the gross amount due for cigarettes.

All tobacco wholesalers will calculate the manufacturer's wholesale sales price of all tobacco products in their possession x 60% to arrive at the gross amount due for tobacco.

All tobacco retailers will calculate the invoice price of all tobacco products in their possession x 45% to arrive at the gross amount due to tobacco. The 45% represents 75% of the price paid to the wholesaler (to determine the wholesale sales price) times the 60% surcharge rate.

Q: What is the cigarette & tobacco surcharge inventory form and where can I find it?

A: If you did not receive an inventory form in the mail it is available on the Internet <http://www.myflorida.com/dbpr/abt/surcharge>.

The completed inventory form is due to AB&T by July 21, 2009 along with the complete payment or the 1st of 4 installment payments.

Q: How can I pay the inventory surcharge?

A: Retailers can pay by certified check or money order. Wholesalers can pay by certified check, money order, or EFT (if registered to do so).

Q When are the installment payments due?

A: 1st installment is due July 21, 2009, 2nd installment is due August 10, 2009, 3rd installment is due August 30, 2009, and the 4th installment is due September 9, 2009.

Q: What is the collection allowance on the inventory surcharge?

A: If the surcharge is reported and the payment is made on time, you can take a 5% collection allowance.

Q. Where do I send the payments?

A. You may mail the completed form to us at:
Department of Business and Professional Regulation
Division of Alcoholic Beverages and Tobacco/Auditing
1940 N. Monroe St
Tallahassee, FL 32399-0772

Q. Can I pay electronically with a credit card or debit card?

A. The floor stock payments may be made only by certified check or money order.

Q. When can I collect this surcharge from my customers?

A: The surcharge for cigarettes and other tobacco products goes into effect on July 1, 2009 and should be collected on or after this date.

Q. Do I have to pay this surcharge every month?

A: No. This is an inventory surcharge that is paid only on your inventory as of July 1, 2009. Applying the surcharge to the floor stock ensures that all products sold on or after the effective date will have the surcharge applied consistently. And product sold by the wholesaler to the retailer on and after July 1, 2009 will have the surcharge included in the price of the product.

Q: Are cigarettes in vending machines subject to the floor stock surcharge?

A: Yes. The surcharge is placed on all cigarettes and tobacco products held in inventory prior to opening for business on July 1, 2009. This includes any cigarettes that are in the vending machines at that time.

Q: Who is responsible for paying the surcharge on the cigarettes in vending machines, the business owner or the vending machine owner?

A: The cigarettes in the vending machines are the responsibility of the vending machine owner. Therefore, the vending machine owner should report and pay the surcharge on the cigarettes in the vending machines.

Q: If the business owner receives the surcharge inventory report form, but does not own the vending machines at their business location, what should they do?

A: If the business owner is not the vending machine owner, they should send back a zero (0) form and note on the form that they do not own the vending machines and do not sell cigarettes or tobacco products.

Q: Are cigars included in the new surcharge?

A: No. Cigars do not have the excise tax applied to them, and they are also exempt from the new surcharge.

Q: If a retailer receives the surcharge inventory report form, but does not sell any product but cigars, what should they do?

A: If the retailer is in the cigar only business and does not sell any cigarettes or other tobacco products in their store, they should send back a zero (0) form and note on the form that they only sell cigars and do not sell cigarettes or tobacco products.