

**Joseph F. Procopio Jr., CPA**  
**Manager, Technical Advisory**  
**Staff**

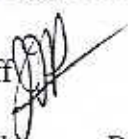
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CITY OF PHILADELPHIA  
**DEPARTMENT OF REVENUE**

**MEMORANDUM**

**DATE:** October 18, 2010

**TO:** Jeanne Reedy, Administrative Services Director, Records Department

**FROM:** Joseph F. Procopio Jr., Manager - Technical Advisory Staff 

**SUBJECT:** Advertisement of Proposed Regulations – Tobacco and Tobacco – Related Products Tax.

These are new regulations entitled "Tobacco and Tobacco – Related Products Tax."

Would you kindly proceed to advertise, in accordance with the provisions of Section 8-407(b) the Philadelphia Home Rule Charter, the attached amendment to the Business Privilege Tax Regulation?

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DEPARTMENT OF REVENUE

CITY OF PHILADELPHIA  
LAW DEPARTMENT

MEMORANDUM

**TO:** Keith J. Richardson, Revenue Commissioner


**FROM:** Frank Paiva, Jr., Divisional Deputy City Solicitor

**DATE:** October 15, 2010

**SUBJECT:** Promulgation of the Tobacco and Tobacco-related Tax Regulations to provide regulatory guidance for the recently enacted Tobacco and Tobacco-related Tax Ordinance (Bill No. 10024).

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I have reviewed the attached Tobacco and Tobacco-related Tax Regulations of the Department of Revenue dated September 16, 2010. These regulations provides regulatory guidance for the recently enacted Tobacco and Tobacco-related Tax Ordinance (Bill No. 10024). I find the attached regulations to be legal and in proper form. In accordance with Section 8-407(a) of The Philadelphia Home Rule Charter, you may now forward this amendment to the Department of Records where they will be made available for public inspection.

  
Frank Paiva, Jr.  
Divisional Deputy City Solicitor

Attachment



**Tax Regulations for the**  
**Tobacco and Tobacco-Related Products Tax**  
**Philadelphia Code**  
**Chapter 19-3600**

**City of Philadelphia – Department of Revenue**

6/2010

## **Preface**

The Tobacco and Tobacco-Related Tax Ordinance (Bill No. 100254) was approved by the Council of the City of Philadelphia on May 20, 2010 and signed by the Mayor on June 1, 2010.

The ordinance imposes a new tax for the privilege of selling at retail any tobacco and tobacco-related products within the City of Philadelphia. The ordinance is codified at Philadelphia Code Chapter 19-3600.

The ordinance is effective July 1, 2010 and will apply in addition to the tax imposed under Philadelphia Code Chapter 19-2600 (i.e. Business Privilege Tax).

**Tax Regulations for the  
Tobacco and Tobacco-Related Products Tax**

**Philadelphia Code  
Chapter 19-3600**

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## **Regulation 101. Definitions.**

1. *Cigarette.* Any roll for smoking made wholly or in part of tobacco, the wrapper or cover of which is made of any substance or material other than tobacco regardless of the size or shape of the roll and regardless of whether or not the tobacco is flavored, adulterated or mixed with any other ingredient. The term cigarette shall not include cigars, little cigars or cigarillos.
2. *Little cigar.* Any roll for smoking that weighs not more than four pounds per thousand, where the wrapper or cover is made of natural leaf tobacco or of any substance containing tobacco.
3. *Rolling Papers.* Any product consisting of sheets, rolls or leaves of paper or tobacco which are sold for use as the wrapper or cover for any roll of smoking.
4. *Retail seller.* Any person who, in the usual course of business, purchases or receives tobacco and tobacco-related products from any source whatsoever for the purpose of sale to the ultimate consumer. The term also includes a person, who in the normal course of business, owns, leases or otherwise operates one or more vending machines for the purpose of selling tobacco and tobacco-related products to the ultimate consumer.
5. *Selling at retail.* Any transfer, for consideration, of the ownership, custody or possession of tobacco and tobacco-related products by a retail seller to the ultimate consumer of these products.
6. *Smokeless tobacco.* A product containing finely cut, ground, powdered, blended or leaf tobacco made primarily for individual consumption which is intended to be placed in the oral or nasal cavity and not intended to be smoked. The term includes chewing tobacco, dipping tobacco and snuff.
7. *Tobacco and tobacco-related product.* A product containing tobacco for smoking and other consumption, including any cigar, smokeless tobacco, pipe tobacco or other loose tobacco, but not including a cigarette or a little cigar. The term also includes rolling papers.

### **Regulation 102. Imposition and Rate of Tax.**

- (a.) There is imposed on the retail seller for the privilege of selling at retail any tobacco and tobacco-related product, except as excluded in (b.) below, including but not limited to, sales from vending machines, at the following rates:
  - (1.) For any tobacco and tobacco-related product that consists of individual items rolled for smoking, including but not limited to, cigars, three and six-tenths cents (\$0.036) per item;
  - (2.) For all other tobacco and tobacco-related products, thirty six cents (\$0.36) per ounce;
  - (3.) For rolling papers, thirty-six cents (\$0.36) per pack.
- (b.) Exclusion. The tax imposed on the retail seller under these regulations shall not be imposed on any retail sale involving the bona fide delivery of tobacco or tobacco-related products to a location regularly maintained by the other party to the transaction outside the limits of Philadelphia and not for the purpose of evading or avoiding payment of the tax or any portion thereof.

### **Regulation 103. Returns and Payment of Tax.**

- (a.) Every retail seller of tobacco and tobacco-related products shall file and pay annually on January 31 for the previous calendar year the privilege tax due under these regulations.
- (b.) The filing of the return due under these regulations will not exempt a retail seller from filing and paying the tax imposed under Philadelphia Code § 19-2600 (i.e. Business Privilege Tax).

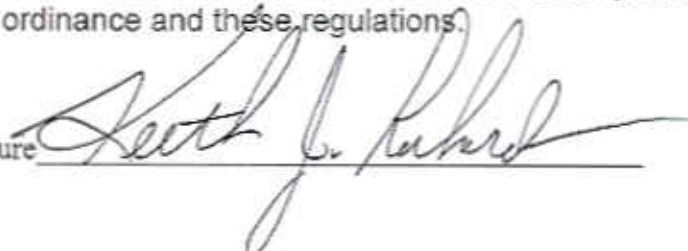
### **Regulation 104. Interest , Penalties and Costs.**

- (a.) The interest and penalties imposed for the failure to file and /or pay the tax due under these regulations will be imposed in accordance with Philadelphia Code § 19-509.

## **Regulation 105. Compliance and Enforcement.**

- (a.) The City of Philadelphia's Department of Revenue is charged with enforcing the tax imposed under these regulations. As such, the Department may conduct through its employees or authorized representatives and agents inquiries, investigations and /or audit examinations to ensure a retail seller's compliance with the applicable ordinance and these regulations.

Signature



Date

9/16/10