

Illinois Department of Revenue
101 West Jefferson Street
Springfield, Illinois 62708

INFORMATIONAL BULLETIN FY86-21

TO: Illinois Retailers of Cigarettes

SUBJECT: Cigarette Tax Increase

On October 1, 1985, the Illinois cigarette tax MAY increase, pursuant to Public Act 84-126, Senate Bill 730. Whether it increases depends on whether the federal government reduces its cigarette excise tax - as it currently plans to do - on October 1. If the U.S. government DOES reduce its tax, the state tax rate will increase by the amount of the federal tax decrease, up to 8¢ per package of 20 - for a total state tax of 20¢ per package of 20.

This anticipated change to the state law require preparation both on our part and on yours.

At the close of business on September 30, 1985, it will be necessary for you to take physical inventory of all packages (not cartons) of cigarettes you have on hand. If the federal government reduces its tax, we will send you a form some time after October 1 on which to declare your inventory as of September 30 and pay the additional tax.

We want to emphasize that these changes to the state cigarette tax law are contingent upon the federal government's reducing its cigarette tax rate. The rate will be reduced automatically unless the government takes action to stop it before October 1.

We, therefore, will not know anything FOR SURE until October 1. For that reason, we recommend that you keep informed of the late developments as they are reported in trade publications, newspapers, and other reliable sources.

J. Thomas Johnson
Director of Revenue

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