



**NOTICE OF THE COOK COUNTY
ENDING INVENTORY TAX
OTHER TOBACCO PRODUCTS**

Cook County Dept. of Revenue
Accounts Receivable
P.O. Box 641547
Chicago, IL 60664-1547

PURPOSE: To enforce the collection of the additional amount of tax due as a result of the 2013 tax rate increase on Other Tobacco Products (OTP) Ending Inventory that will be sold beginning January 1, 2013. For more information see Cook County Department of Revenue Notice Number FY2013- 01.

2012 ENDING INVENTORY TAX RATES (applied per ounce or a fraction thereof)

Tobacco Products	2012 Rate	2013 New Rate	Ending Inventory Tax Rate
Smoking Tobacco	\$0.30	\$0.60	\$0.30
Smokeless Tobacco	\$0.30	\$0.60	\$0.30
Little Cigars	\$0.05	No change	No Tax Rate Increase
Large Cigars	\$0.25	\$0.30	\$0.05

Please note: Little Cigars are NOT a part of this increase.

WHO MUST FILE THE RETURN AND/OR REMIT THE ENDING INVENTORY TAX? Retail Tobacco Dealers which means, any person who engages in the business of selling cigarettes or other tobacco products in the County of Cook to a consumer. A retail tobacco dealer shall not include any person who is licensed by the State of Illinois as a tobacco distributor or wholesaler.

WHEN IS THE RETURN DUE?

A single, one-time payment for the OTP ending inventory tax is due no later than January 20, 2013. The first monthly payments, if you choose multiple remittances (pay as you sell), will be due no later than February 20, 2013. Details regarding each of these forms can be found in the instructions located on the back of each form. Retail Tobacco Dealers must still complete an ending inventory for Other Tobacco Products in their possession or control on December 31, 2012 at 11:59 PM using the attached 2012 Ending Inventory Tax schedules or similar schedule.

WHAT IF I FAIL TO RESPOND? Failure to file a floor tax return and/or remit the tax due by January 20, 2012 if single remittance or every 20th of the month for multiple remittances, will result in this matter being scheduled for an Administrative Hearing at which the Department of Revenue will pursue the full collection of all tax, penalties and interest due.

TOBACCO TAX ORDINANCE CODE VIOLATION: Section 74-435 (a) provides that it shall be a violation of this article to engage in the sale, possession or use of any Smokeless and Smoking Tobacco, Large Cigars and Little Cigars subject to any tax provided in the Tobacco Tax Ordinance upon which said tax has not been paid.

2012 ENDING INVENTORY TRACKING: To assist in this process, the Department of Revenue has created an Ending Inventory Daily Inventory Schedule packet (attached) which allows retailers to record the beginning inventory purchase and sales history and the ending inventory for the months of November and December 2012. If additional space is needed, an electronic copy of these forms can be found on the DOR website at: <http://www.cookcountyil.gov/revenue>

ENDING INVENTORY BOOKS AND RECORD KEEPING REQUIREMENTS: Pursuant to Chapter 34, Article III Sec. 34-63 of the Uniform Penalties Interest and Procedures Ordinance, for the period of November 1 through December 31, 2012, you must complete the Ending Inventory Daily Inventory Schedules and maintain them at your place of business and make them available for inspection, review or audit for a period of no less than three (3) calendar years (January 2016). These records include, but are not limited to, invoices from wholesalers, purchase journals, inventory schedules, sales receipts and sales journals. Failure to maintain the Ending Inventory Daily Inventory Schedules will give the DOR cause to assess additional penalties.

WHAT ARE OTP PRODUCTS?

- *Large cigar* means any roll of tobacco wrapped in leaf tobacco or any substance containing tobacco and weighing more than three pounds per thousand.
- *Little cigar* means any roll of tobacco wrapped in leaf tobacco or any substance containing tobacco and not weighing more than three pounds per thousand.
- *Smokeless tobacco* includes any snuff, snus, chewing tobacco, or other tobacco products not intended to be smoked.
- *Smoking tobacco* includes granulated, plug cut, crimp cut, ready rubbed and other kinds and forms of tobacco prepared in such manner as to be suitable for smoking in a pipe or cigarette.

WHOLESALE TOBACCO DEALER: means any person who engages in the business of selling or supplying cigarettes and/or Other Tobacco Products, who brings or causes to be brought into the County of Cook cigarettes, and/or Other Tobacco Products for sale or resale to retail tobacco dealers, retail cigarette manufacturers, and/or consumers in or outside the County of Cook. For the purposes of this article wholesale tobacco dealers also includes persons or businesses licensed as tobacco distributors, cigarette distributors or wholesalers with the State of Illinois.

FREQUENTLY ASKED QUESTIONS –

1. **What is being taxed?** *Only Smoking and Smokeless Tobacco, and Large Cigars. Cigarettes and Small Cigars are not included in this ending inventory.*
2. **What is an ending inventory?** *An ending inventory is based on the amount of OTP inventory on hand before the tax rate increases. Retailers must take an actual physical count of all their OTP items at the business location (or in storage) as of December 31, 2012 at 11:59 pm or close of business.*
3. **What is a Little Cigar?** *Little Cigars will have an indication on their packaging, such as “small cigar,” or “little cigar”. If these words are not on the packaging, then that item is considered a Large Cigar.*
4. **What if I do not have OTP inventory?** *You are still required to fill out the ending inventory form, however enter “N/A” or zero (0) as the calculated taxes.*
5. **What if I do not sell OTP at all?** *You are still required to fill out the ending inventory form, however please indicate on the return form that you do not sell OTP.*
6. **I would like to pay in person instead of mailing my payment. Is this possible?** *Yes, payments can be made between 8:30 a.m and 4:30 p.m at the DOR payment window located on the 11th floor, Room 1160 at 118 N. Clark Street, Chicago, IL 60602.*
7. **What if the products are expired or stale, are they still being taxed?** *Yes. All products on the premises available for sale regardless of expiration date are taxed.*
8. **What if a factory manufacturing representative gives me free samples, are they still taxed?** *If you cannot provide documentary evidence indicating the tax has been paid by manufacturer or distributor then yes, all items that are received from any manufacturing representative are taxed. If you receive any free samples, you will need to fill out a self-assessment form (copies of this form can be found on the Department of Revenues website).*
9. **Calculations** – *When calculating the total weight for all OTP, enter the number to the nearest tenth percent (0.1). Do not round the number. (For example, if the total weight for the OTP items equals 90.57 ounces, the number entered on the OTP Ending inventory return should be 90.5 ounces.)*

FOR FURTHER ASSISTANCE

If you have any questions, please contact the Department of Revenue at 118 N. Clark Street, Chicago, IL 60602, telephone number (312)-603-6870 or email at cookcounty.revenue@cookcountyil.gov or visit the Cook County Department of Revenue webpage at www.cookcountyil.gov/revenue for additional information.

To report violations of Cook County tobacco Ordinances, please visit our webpage.