

## Cigarettes, Other Tobacco Products, and Electronic Smoking Devices - July 1, 2024, Tax Rate Changes

### I. Tax Rate Changes

On May 16, 2024, Governor Wes Moore signed into law, Senate Bill 362, the Budget Reconciliation and Financing Act of 2024. Among its many provisions, the law increases excise tax rates on cigarettes and on the wholesale price of other tobacco products (“OTP”) and increases the sales and use tax rate on the sale of electronic smoking devices (“ESDs”), including vaping liquid sold in a container that contains more than 5 milliliters of vaping liquid. The bill is effective July 1, 2024.

New rates for tobacco products are as follows:

	Rate through June 30, 2024	New Rate, Effective July 1, 2024
<u>Tobacco Tax</u>		
Cigarettes (pack of 20)	\$3.75 per package	\$5.00 per package
Cigarettes (pack of more than 20)	\$0.175 per cigarette in the package	\$0.25 per cigarette in the package
Other Tobacco Products (“OTP”) (excluding pipe tobacco and cigars)	53% of the wholesale price of the tobacco products	60% of the wholesale price of the tobacco products
<u>Sales and Use Tax</u>		
Electronic Smoking Device (“ESD”), including vaping liquid in a container of more than 5 ml	12% sales and use tax	20% sales and use tax

The following rates are unchanged:

	<b>Rate through June 30, 2024</b>	<b>New Rate, Effective July 1, 2024</b>
<u>Tobacco Tax</u>		
Cigars (nonpremium)	70% of wholesale price	70% of wholesale price (no change)
Premium Cigars	15% of wholesale price	15% of wholesale price (no change)
Pipe Tobacco	30% of wholesale price	30% of wholesale price (no change)
<u>Sales and Use Tax</u>		
Vaping liquid in a container of 5 ml or less	60% sales and use tax	60% sales and use tax (no change)

## II. ADDITIONAL INFORMATION ABOUT THE FLOOR TAX

### A. General

- The new tax rates apply to all cigarette and OTP (excluding cigars and pipe tobacco) floor stock and to loose tax stamps in Maryland as of 12:01 a.m. on July 1, 2024. Inventory should be counted as of the close of business June 30, 2024. If your business is open 24 hours, inventory should be counted at 12:01 am on July 1, 2024.
- The floor tax return and payment are due September 30, 2024.
- Read the forms carefully and complete them, or collect the necessary data for completion, before moving or selling any OTP or applying any tax stamps on July 1, 2024.

### B. For Retailers

- Retailers pay the floor tax on stamped inventory. The floor tax return is required to pay the difference between the rate your wholesaler paid and the new tax rate effective July 1, 2024, on your existing inventory of OTP and cigarettes.
- To report and remit the additional tax due on cigarettes and OTP inventory, complete the 2024 Cigarette and Other Tobacco Products Floor Tax Return.
- If you have more than one retail store, you must file a floor tax return for each store. You may submit one payment (check or direct debit) for the total floor tax owed for all stores.

### C. For Wholesalers

- Wholesalers pay the floor tax on loose tax stamps.
- To report the additional tax due on loose tax stamps, complete the 2024 Cigarette and Other Tobacco Products Floor Tax Return.
- Wholesalers may apply the discount of 0.82% of the price of cigarette stamps when calculating the floor tax due.

### III. IMPORTANT DATES

**July 1, 2024** – Effective date for new rates

**September 30, 2024** – Final remittance date of the floor tax return and additional tax

The floor tax return and other information related to cigarettes and OTP are available on the Comptroller of Maryland's website at [www.marylandtaxes.gov](http://www.marylandtaxes.gov). Questions related to the cigarette and OTP floor tax can be directed to Taxpayer Services.

Taxpayer Services Division

Visit <https://www.marylandtaxes.gov/locations.php> for branch locations.

Telephone: **410-260-7980 or 1-800-MDTAXES**

[taxhelp@marylandtaxes.gov](mailto:taxhelp@marylandtaxes.gov)

[www.marylandtaxes.gov](http://www.marylandtaxes.gov)

For the deaf or hard of hearing: call via Maryland Relay at 711 in Maryland  
or 1-800-735-2258

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