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IMPORTANT INFORMATION LAW CHANGE EFFECTIVE JANUARY 2, 2020 TOBACCO PRODUCTS TAX

Beginning January 2, 2020, the excise tax rate imposed on smoking tobacco products (other than cigarettes, smokeless tobacco, and any product containing adult use or medical marijuana) is increased from 20% to 43% of the wholesale sale price. The tax rate on smokeless tobacco products (e.g., chewing tobacco and snuff) remains at \$2.02 per ounce or \$2.02 per package, depending on the overall weight of the package.

The Maine Legislature has amended the definition of "tobacco products" to include "electronic smoking devices and liquids used in electronic smoking devices whether or not they contain nicotine".

36 M.R.S. § 4401(2-A) defines an "electronic smoking device" to mean:

"A device used to deliver nicotine or any other substance intended for human consumption that may be used by a person to simulate smoking through inhalation of vapor or aerosol from the device, including, without limitation, a device manufactured, distributed, marketed or sold as an electronic cigarette, electronic cigar, electronic pipe, electronic hookah or so-called vape pen."

Electronic smoking devices sold or distributed into the State for sale on or after January 2, 2020 will be subject to the 43% tax rate.

A distributor of tobacco products into the State must register with Maine Revenue Services ("MRS") in order to file the monthly Tobacco Products Tax return. The distributor that first receives or causes untaxed tobacco products to be brought into the State must pay the excise tax.

MRS will be requiring a new electronic schedule spreadsheet for Licensed Tobacco Distributor tax returns beginning with the January 2020 period. The electronic schedule templates will be available on the MRS website. The Tobacco Tax returns will still be preprinted, mailed, and filed on paper. **Please note that the Tobacco Tax returns will be considered unfiled unless the electronic schedules are provided.** Electronic schedules are to be emailed to fuel.tax@maine.gov at the time of filing the tax return.

Each retailer of tobacco products must verify that it purchases tobacco products only from licensed tobacco distributors. A retailer that purchases tobacco products, including electronic smoking devices, from someone other than a Maine licensed tobacco products distributor must register to be licensed with MRS as a tobacco products distributor. A current list of licensed tobacco distributors is available on the MRS website, www.maine.gov/revenue/othertaxes/tobacco/tobacco.htm.

For more information, please refer to Maine Revenue Services Excise Tax Instructional Bulletin No. 3, "Cigarettes and Tobacco Products". Additional information can be obtained by contacting Maine Revenue Services at (207) 624-9693 or on our website, www.maine.gov/revenue.