



Rhode Island Department of Revenue

Division of Taxation

ADV 2024-22
Tax Administration

ADVISORY FOR TAXPAYERS AND TAX PROFESSIONALS
August 26, 2024

Cigarette tax increase

PROVIDENCE, R.I. – The Rhode Island Division of Taxation informs taxpayers that the 2024 Legislative Session has yielded a number of changes to Rhode Island tax laws. The passage of the Fiscal Year 2025 Budget has produced such changes relating to the taxation of cigarettes. Synopses of these changes follow. For more details, please see the [Division's Summary of Legislative Changes](#).

Effective at 12:01 a.m. on September 1, 2024, the tax levied upon the sale of cigarettes will increase.

Cigarette dealers and distributors, please note the following:

- The increase will be measured as of September 3, 2024.
 - This is because September 1, 2024 falls on a Sunday, and September 2, 2024 falls on the Labor Day holiday.
- **The new rate increases the tax from \$4.25 per package of 20 cigarettes to \$4.50.**
- This tax increase will also apply to the cigarette inventory of each cigarette retailer and distributor in Rhode Island, as well as the cigarette tax stamp inventory of each cigarette distributor.
 - The application of a tax increase on existing inventory is known as a “floor tax.”
 - The “floor tax” on existing inventory will be measured by:
 - The number of packs of cigarettes held by the retailer or distributor; and
 - The stamps held by the distributor as of 12:01 a.m. on September 3, 2024.¹
 - The floor tax rate will be 25 cents per pack of 20.
 - This will bring all cigarette and stamp inventory in line with the increased tax rate.
 - Those subject to the floor tax on cigarettes or the floor tax on cigarette tax stamps must file a return with the Tax Administrator and make the associated tax payment on or before September 16, 2024.
 - All licensed cigarette dealers were mailed an informational packet with detailed instructions and a copy of the paper return that must be filed with the Division.
 - If you are a cigarette dealer and have misplaced this packet, please contact the Division of Taxation's [Excise Tax Section](#).

¹ The official inventory measuring point associated with the floor tax is 12:01 a.m. on September 3, 2024. Retailers and distributors that do not operate at that time should complete their cigarette inventory and cigarette stamp inventory at close of business on September 2, 2024.

- **Prepaid sales tax:** The prepaid sales tax on cigarettes will also increase as of 12:01 a.m. on September 3, 2024, to \$0.88 per pack of 20.
 - The prepaid sales tax amount is determined by calculating the average retail price of all brands of cigarettes in line with the minimum prices set by law. The average retail price for the current year is calculated to be \$12.56 per pack of 20 cigarettes resulting in a prepaid sales tax amount of \$0.88 per pack.
 - The prepaid sales tax amount is collected from licensed cigarette distributors in conjunction with the collection of the cigarette tax payment as part of the cigarette stamp purchase.

Details and tables

The tax on cigarettes is computed by mills. One mill is equal to 1/1000th of one dollar. The current tax through September 2, 2024 is 212.5 mills per cigarette, which equals \$4.25 per pack of 20 cigarettes. As of 12:01 am on September 3, 2024, the cigarette tax will increase by 12.5 mills per cigarette to 225 mills per cigarette. This will increase the cigarette tax by 25 cents per pack of 20 to \$4.50 per pack of 20 cigarettes.

Cigarette tax calculation	
As of September 3, 2024, the Rhode Island cigarette tax will be \$4.50 per pack of 20. The tax is computed by mills. One mill is equal to 1/1000 th of one dollar.	
<ul style="list-style-type: none"> ▪ The current tax is 212.5 mills per cigarette and as of 12:01 a.m. on September 3, 2024, the tax will be 225 mills per cigarette. ▪ Typically, the tax is based on a 20-cigarette pack. 	
Tax per pack currently:	0.001 x 212.5 (mills per cigarette) x 20 (cigarettes)
Tax per pack September 3, 2024:	0.001 x 225 (mills per cigarette) x 20 (cigarettes)
New tax rate applies on and after September 3, 2024.	

Floor tax calculation	
As of September 3, 2024, the Rhode Island cigarette tax will be \$4.50 per pack of 20. The tax is computed by mills. One mill is equal to 1/1000 th of one dollar.	
<ul style="list-style-type: none"> ▪ The current tax is 212.5 mills per cigarette and as of 12:01 a.m. on September 3, 2024, the tax will be 225 mills per cigarette. ▪ Typically, the tax is based on a 20-cigarette pack. 	
Floor tax per cigarette:	0.001 x 12.5 (mills per cigarette) = \$0.0125
Floor tax per pack of 20:	0.001 x 12.5 (mills per cigarette) x 20 (cigarettes per pack) = \$0.25
New tax rate applies as of 12:01 a.m. on September 3, 2024 going forward.	

The Division has distributed Notices to impacted businesses. Copies are available on the Division’s website:

- [Notice 2024-05 - Notice: To All Rhode Island Cigarette Dealers](#)
- [Notice 2024-06 - Notice: To All Rhode Island Cigarette Distributors](#)

For questions about the changes to the taxation of cigarettes, contact the Rhode Island Division of Taxation’s Excise Tax Section by telephone at (401) 574-8955, by email: Tax.Excise@tax.ri.gov, or by mail: Rhode Island Division of Taxation, One Capitol Hill, Providence, R.I. 02908.

The Rhode Island Division of Taxation, part of the Rhode Island Department of Revenue, is open to the public from 8:30 a.m. to 3:30 p.m. business days. For more information, contact the Division of Taxation at (401) 574-8829 or see <https://tax.ri.gov/about-us/contact-us>.