

**OFFICE OF THE CHIEF FINANCIAL OFFICER  
OFFICE OF TAX AND REVENUE**

**NOTICE OF INCREASE IN THE SURTAX  
ON CIGARETTE PACKAGES FOR TAX YEAR 2024**

Pursuant to D.C. Code § 47-2402(a)(3)(B), the District of Columbia shall provide notice of the appropriate calculated surtax on a package of cigarettes on or before September 1<sup>st</sup> of each year for the upcoming tax year that begins on October 1st. The calculated surtax levy shall be equivalent to a levy of the general sales tax rate in effect for the upcoming tax year.

Under D.C. Code § 47-2402.01(a)(2)(A), on March 31<sup>st</sup> of each year, the Office of the Chief Financial Officer (OCFO) is required to re-evaluate the percentage of the sum of the cigarette tax and surtax applied over the average wholesale price of a package of cigarettes calculated for the previous year. The OCFO used the Bureau of Labor Statistics' Consumer Price Index (CPI) for all urban consumers, to compare prices of cigarettes in the most recent full year with prices of cigarettes in the previous year and to compute the percentage change in prices. The retail sales tax rate (applicable to the surtax on cigarettes) is currently 6 percent. Comparing average cigarette prices for 2022 and 2021 and applying the retail sales tax rate, OCFO has determined that the 2023 average retail sale price of a package of 20 cigarettes in the city is \$10.20, and the calculated surtax for tax year 2024 shall be \$0.53 per pack of cigarettes. This is an increase of \$0.01 over the surtax for tax year 2023.

A package of cigarettes is defined as one with 20 or fewer cigarettes. However, if a package of cigarettes sold in tax year 2024 contains more than 20 cigarettes, the surtax per pack must be incrementally increased by \$0.026 per each cigarette above 20.

<b>Calculated Surtax on a Package of 20 Cigarettes (or Fewer) for Tax Year 2024</b>	
2022 Average Retail Sale Price for a Package of 20 Cigarettes	\$10.20
Less Current Surtax & Estimated Costs of Business	-\$1.42
Adjusted Average Retail Sales Price	\$8.77
<b>Calculated Surtax (Sales Tax Equivalent) Effective October 1, 2023</b>	<b>\$0.53</b>

Effective October 1, 2023, the above surtax of \$0.53 per pack of cigarettes is in addition to the cigarette excise tax of \$4.50 per pack. Thus, the total tax levy for cigarettes in the District of Columbia for tax year shall be \$5.03 per pack of 20.

**FOR MORE INFORMATION** — Contact Florence Sam, Senior Tax Auditor, at (202) 442-6316 or [florence.sam@dc.gov](mailto:florence.sam@dc.gov)