

Obade Candy Co. Inc.

370 South Jefferson St.
Kittanning Pa. 16201
(724)543-1697

7/21/2016

TO ALL CIGARETTE AND TOBACCO CUSTOMERS:

Please be advised the Pennsylvania Excise Tax on cigarettes and taxable little cigars will increase \$1.00 per pack on 08/01/2016. Additionally, retail margins on cigarette sales were increased from 6% to 7%. OTP (Other Tobacco Products) will be taxed at 55 to 56 cents per ounce with a tentative effective date of 10/01/2016. (It could be later) At this time we have not received any formal specific information from the PA DEPT OF REVENUE. We are not sure what all is included in the OTP tax but believe it is on moist snuff and roll your own products. Again, we are not sure specifically what products are included.

We have been informed there will be a FLOOR TAX on both WHOLESALE and RETAILERS. We will provide information about OTP as it becomes available.

At this point just be advised that cigarettes and taxable LITTLE CIGARS will increase on August 1, 2016. (7% does not apply to LITTLE CIGARS, only cigarettes) There is to be a floor tax on ours and your on hand inventory of cigarettes and little cigars as of 7/31/2016.

Only TAXABLE LITTLE CIGARS should be included on your floor tax return.

Those are the ones listed with the price list. DO NOT COUNT DEANS, SMOKIN JOES, SMOKERS CHOICE MAX and CRISS CROSS HEAVY WEIGHT LIL CIGARS

See attached list for pricing and items included in floor tax.

Sincerely,

John Nasser
Vice President
Obade Candy Co., Inc.