

PA TAXABLE LITTLE CIGARS

Obade Candy Co. Inc.

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12/23/2009

Dear Retailers,

As you know effective November 1, 2009 a new tax on "Little" Cigars was put into effect in Pennsylvania. You should have received and completed a Floor Tax form for those little cigars that are packaged like cigarettes (packs of 20 or 25 cigars) that you had on hand as of Nov 1st.

Phase two of the cigar tax includes a second retail floor tax on little cigars that are unstampable (are not packaged like cigarettes). The amount of this tax is .08 per cigar and you should raise your price accordingly if you have any cigars of this type on hand as of Jan. 04. 2010. You should have received forms and instructions in the mail from the PA DEPT OF REV. The only cigar that Obade has sold that falls in this category is Erik 7pks. You can obtain a list of taxable little cigars from the PA. Dept. Of Rev. website at <http://www.revenue.state.pa.us/>. This list will be updated as information is obtained by Manufacturers. You can also go to our website and click on the link at the top to obtain this list. <http://obadecandy.com>.

For more information please go to the PA Dept of Rev website or call 717-783-9374.

NOTE: SMOKIN JOES CIGARS PURCHASED FROM OBADE CANDY COMPANY ON OR AFTER DECEMBER 4, 2009 ARE NOT SUBJECT TO THE PA TAX! DO NOT INCLUDE ON YOUR TAX FORM!

THESE CIGARS WEIGH OVER 4LBS. / 1000 CIGARS.

CIGARS ARE ONLY **TAXABLE** IF THEY WEIGH **LESS** THAN 4LBS. / 1000 CIGARS.

SMOKIN JOES THAT ARE SOLD BY OBADE ARE **NOT** THE SAME CIGARS LISTED ON THE TAXABLE CIGAR LIST PROVIDED BY THE PA DEPT OF REVENUE

Thank you,
Obade Candy Co.