



STATE OF CONNECTICUT
DEPARTMENT OF REVENUE SERVICES

SN 2006(3)

25 Sigourney Street
Hartford CT 06106-5032

SPECIAL NOTICE

2006 Legislative Changes Affecting the Tobacco Products Tax

Purpose: This Special Notice describes the changes made to the tobacco products tax during the 2006 session of the Connecticut General Assembly.

Effective Date: July 1, 2006.

Statutory Authority: Conn. Gen. Stat. §§12-285(a)(5), 12-286(d) and (e), 12-287, 12-330a, 12-330b, 12-330c, and 12-330d(b)(1), 587, as amended by 2006 Conn. Pub. Acts 194, §§10 to 16, inclusive.

Definitions: For purposes of this Special Notice:

- **DRS** means the Department of Revenue Services.
- **Tobacco products** mean cigars; cheroots; stogies; periques; granulated, plug cut, crimp cut, ready rubbed, and other smoking tobacco; snuff tobacco products; cavendish, plug, and twist tobacco; fine cut and other chewing tobaccos; shorts, refuse scraps, clippings, cuttings, and sweepings of tobacco; and all other kinds and forms of tobacco, prepared in such manner as to be suitable for chewing or smoking in a pipe or otherwise or for both chewing and smoking. **Tobacco products** do not include any cigarette as defined in Conn. Gen. Stat. §12-285.
- **Untaxed tobacco products** mean tobacco products purchased from persons not licensed by DRS as tobacco products distributors. These are tobacco products on which the Connecticut tobacco products tax has not been paid.
- **Taxed tobacco products** mean tobacco products purchased from persons licensed by DRS as a tobacco products distributor. These are tobacco products on which the Connecticut tobacco products tax has been paid.

- **Unclassified importer** means an individual who is licensed by DRS as an unclassified importer and who imports, receives, or acquires untaxed tobacco products from outside Connecticut for his or her personal use or consumption in Connecticut.
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Retailers of Tobacco Products Generally No Longer Required to Be Licensed by DRS as Tobacco Products Distributors:

Effective July 1, 2006, retailers of tobacco products are no longer required to be licensed by DRS as tobacco products distributors as long as the tobacco products they purchase for resale are solely and exclusively taxed tobacco products (and those retailers do not purchase for resale any untaxed tobacco products). Retailers of taxed tobacco products are required to be licensed by DRS as cigarette dealers. The issuance of a cigarette dealer's license to a retailer of taxed tobacco products authorizes the person to sell both cigarettes and taxed tobacco products at retail.

Every retailer of taxed tobacco products who is licensed by DRS as a cigarette dealer is required to maintain records that detail the persons from whom, the quantities in which, and the dates on which tobacco products were acquired by the retailer, and any other information deemed necessary by DRS.

Those retailers of taxed tobacco products currently licensed by DRS as cigarette dealers need not do anything further at this time. Any retailers of taxed tobacco products not currently licensed by DRS as cigarette dealers must file **Form REG-1, Business Taxes Registration Application**, and **Form REG-1 Addendum A, Cigarette and Tobacco Products Taxes**, with DRS on or before July 1, 2006.

However, retailers of tobacco products who wish to purchase any untaxed tobacco products for resale must be licensed by DRS as tobacco products distributors. In addition, if the same tobacco products distributor wishes to sell cigarettes at retail, the tobacco products distributor must be licensed with

DRS as a cigarette dealer. Both licenses can be obtained by filing **Form REG-1** and **Form REG-1 Addendum A** with DRS.

Persons engaged in the business of wholesaling (but not retailing) tobacco products are required to be licensed by DRS as tobacco products distributors.

All persons licensed as tobacco products distributors by DRS are required each month to file **Form OP-300, Tobacco Products Tax Return**, along with supporting schedules and any remittance due.

List of Persons Licensed by DRS as Tobacco Products Distributors to Be Posted on DRS Internet Web Site: Effective July 1, 2006, each retailer of tobacco products who is licensed, with respect to retail sales of tobacco products, by DRS as a cigarette dealer must purchase tobacco products for resale exclusively from persons licensed by DRS as tobacco products distributors. It is illegal for a retailer of tobacco products who is licensed, with respect to retail sales of tobacco products, by DRS as a cigarette dealer to purchase tobacco products for resale from any person who is not licensed by DRS as a tobacco products distributor.

Conn. Gen. Stat. §12-330b, as amended by 2006 Conn. Pub. Acts 194, §14, requires that not later than July 1, 2006, DRS will post on its Internet web site a list of each person licensed by DRS as tobacco products distributors and the address of the premises covered by the distributor's license. This list can be viewed at www.ct.gov/DRS by clicking on the *Cigarette & Tobacco Products Taxes* quick link on the DRS web site, and then clicking on *Licensed Tobacco Products Distributors*. Thereafter, on the first business day of each month, DRS will post a superseding list compiled on the 25th day of the preceding month. DRS will then delete the preceding month's list from the web site.

Criminal Sanctions Imposed on Those Persons Who Sell Taxed Tobacco Products Without a Cigarette Dealer's License: Any person not licensed by DRS as a cigarette dealer who knowingly sells at retail, offers for sale at retail, or possesses with intent to sell at retail any taxed tobacco products will be fined not more than \$500 or imprisoned for not more than three months, or both, for each offense. Each day of unauthorized operation may be deemed a separate offense.

Criminal Sanctions Imposed on Those Persons Who Manufacture, Purchase, Import, Receive, or Acquire Untaxed Tobacco Products Without a Tobacco Products Distributor's License: Any person not licensed by DRS as a tobacco products distributor who knowingly manufactures, purchases, imports, receives, or acquires any untaxed tobacco products will be fined not more than \$500 or imprisoned for not more than three months, or both, for each offense. Each day of unauthorized operation may be deemed a separate offense. The provisions of this paragraph do not apply to a person licensed by DRS as an unclassified importer.

In addition, untaxed tobacco products are contraband and may be seized by the Commissioner of Revenue Services without a warrant.

Conspicuous Display of License Required: Every person licensed by DRS as a tobacco products distributor is required to conspicuously display the license on the premises covered by the license.

Effect on Other Documents: None affected.

Effect of This Document: A Special Notice announces a new policy or practice in response to changes in State or federal laws or regulations or to judicial decisions. A Special Notice indicates an informal interpretation of Connecticut tax law by the DRS.

For Further Information on the Tobacco Products Tax or this Special Notice: For further information on the tobacco products tax or this Special Notice, call the Excise Taxes Unit of the Audit Division at 860-541-3224 from 8:30 a.m. to 4:30 p.m., Monday through Friday.

For Further Information: Call DRS during business hours, Monday through Friday:

- **1-800-382-9463** (in-state); or
- **860-297-5962** (from anywhere)

TTY, TDD, and Text Telephone users only may transmit inquiries anytime by calling 860-297-4911.

Forms and Publications: Forms and publications are available anytime by:

- **Internet:** Visit the DRS Web site at www.ct.gov/DRS to download and print Connecticut tax forms; **or**
- **Telephone:** Call **860-297-4753** (from anywhere), or **1-800-382-9463** (in-state) and select **Option 2** from a touch-tone phone.

Paperless Filing/Payment Methods (fast, easy, free, and confidential):

- **For business returns:** Use *Fast-File* to file sales and use taxes, business use tax, room occupancy tax, estimated corporation business tax, business entity tax, attorney occupational tax, nursing home provider fee, admissions and dues tax, or withholding tax returns over the Internet. Visit the DRS Web site at www.ct.gov/DRS and click on *File/Register OnLine*.
- **For payment of business taxes other than those listed above:** Use *Fast-File* to pay your business taxes over the Internet or by phone. Visit the DRS Web site at www.ct.gov/DRS and click on *Electronic Services* for a list of eligible taxes. The ACH debit method is used to make the transfer. No preregistration is required.

- **For resident income tax returns:** Use *WebFile* to file personal income tax returns over the Internet. Visit the DRS Web site at www.ct.gov/DRS and click on *File/Register OnLine*.
- **For electronic filing of income tax extensions, estimated payments, and for electronic bill payments:** Use *WebFile* to electronically file personal income tax returns over the Internet. You can also use *WebFile* to make an electronic income tax payment for a prior year. Visit the DRS Web site at www.ct.gov/DRS and click on *File/Register OnLine*.

DRS E-News Service: Get connected to the latest news from DRS. Receive notification by e-mail of changes to legislation, policies, and procedures. **DRS E-News** is easy to sign up for – visit www.ct.gov/DRS and follow the directions. Subscription services are available for employer’s withholding tax, *Fast-File* information, Alerts, News – Press Releases, and Top 100 Delinquency List.