



450 Columbus Blvd Ste 1  
Hartford CT 06103-1837

SPECIAL NOTICE

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## 2017 Legislative Changes Affecting Cigarette and Tobacco Products Taxes

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**Purpose:** This Special Notice describes legislation enacted during the 2017 regular session of the Connecticut General Assembly affecting the cigarette and tobacco products taxes.

**Effective Date:** The effective dates of the legislative changes are noted herein.

**Statutory Authority:** Conn. Gen. Stat. § 12-294, as amended by Public Acts 2017, No. 17-147, § 28; Conn. Gen. Stat. § 12-297, as amended by Public Acts 2017, No. 17-147, § 29; Conn. Gen. Stat. § 12-330b, as amended by Public Acts 2017, No. 17-147, § 30; Conn. Gen. Stat. § 12-330i, as amended by Public Acts 2017, No. 17-147, § 31; and Conn. Gen. Stat. § 53-394(a), as amended by Public Acts 2017, No. 17-147, § 41.

### Cigarette Taxes

**Successor Liability Provision for Cigarette Taxes Expanded to Include Cigarette Dealers:** Effective July 1, 2017, the successor liability provision that has applied to cigarette distributors is now expanded to include cigarette dealers. As a result, successors of a cigarette dealer's business or stock of cigarettes are liable for any unpaid cigarette taxes of the former cigarette dealer.

Please see **IP 2017(16)**, *Successor Liability for Admissions and Dues Taxes, Cigarette Taxes, Room Occupancy Tax, Sales and Use Taxes, Tobacco Products Tax and Connecticut Income Tax Withholding*, for information.

**Exemption for Sales of Cigarettes to United States Veterans' Hospitals and Members of the Armed Forces:** Sales of cigarettes to United States veterans' hospitals and members of the armed forces by officially recognized agencies that are physically located at military bases are exempt from cigarette taxes. This exemption, which is effective from passage, is intended to mirror an exemption that exists under federal law.

### Tobacco Products Tax

**Successor Liability Provision Added to Tobacco Products Tax:** Effective July 1, 2017, successors of a tobacco products distributor's or unclassified importer's business or stock of tobacco products are liable for any unpaid tobacco products tax of the former distributor or importer.

Please see **IP 2017(16)**, *Successor Liability for Admissions and Dues Taxes, Cigarette Taxes, Room Occupancy Tax, Sales and Use Taxes, Tobacco Products Tax and Connecticut Income Tax Withholding*, for information.

**New Record-keeping Requirements for Distributors and Unclassified Importers of Tobacco Products:** Effective October 1, 2017, distributors and unclassified importers of tobacco products are now required to maintain records related to tobacco products on the premises where such tobacco products are possessed, stored or sold. Such records must be maintained on premises (physically or electronically) for a period of three years and must be available at all times for inspection by the Commissioner of Revenue Services or his or her authorized agents.

If, upon request, a distributor or unclassified importer of tobacco products fails to immediately produce, or immediately provide electronic access to, records required to be maintained in connection with tobacco products possessed, stored or sold on premises, the distributor or unclassified importer will be subject to a civil penalty of \$1,000 per day until such records are produced.

**Certain Violations of the Tobacco Products Tax Added to the Corrupt Organization and Racketeering Act:** Effective July 1, 2017, crimes related to the sale and possession of untaxed tobacco products, the attempt to evade tobacco products taxes, and the filing of fraudulent or false documents related to tobacco products taxes are included in the definition of "racketeering activity" under the Corrupt Organizations and Racketeering Activity Act.

**Effect on Other Documents:** None

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**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 Department of Revenue Services (DRS).

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

- **1-800-382-9463** (Connecticut calls outside the Greater Hartford calling area only); or
- **860-297-5962** (from anywhere).

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

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**Forms and Publications:** Visit the DRS website at [www.ct.gov/DRS](http://www.ct.gov/DRS) to download and print Connecticut tax forms and publications.

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**Paperless Filing/Payment Methods (fast, easy, free, and confidential):** Business and individual taxpayers can use the *TSC* at [www.ct.gov/TSC](http://www.ct.gov/TSC) to file a variety of tax returns, update account information, and make payments online.

**File Electronically:** You can choose first-time filer information and filing assistance or log directly into the *TSC* to file returns and pay taxes.

**Pay Electronically:** You can pay taxes for tax returns that cannot be filed through the *TSC*. Log in and select the *Make Payment Only* option. Choose a payment date up to the due date of the tax and mail a paper return to complete the filing process.

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**DRS E-alerts Email Service:** Get connected to the latest DRS news including new legislation, policies, press releases, and more. Visit the DRS website at [www.ct.gov/DRS](http://www.ct.gov/DRS) and select *Sign up for e-alerts* under *How Do I?* on the gold navigation bar.

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