



STATE OF CONNECTICUT
DEPARTMENT OF REVENUE SERVICES

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TSSB 2023-1
TAXPAYER SERVICES SPECIAL BULLETIN

Frequently Asked Questions Concerning the Statewide Cannabis Tax

Purpose: The purpose of this publication is to provide guidance in the form of “frequently asked questions” regarding the statewide Cannabis Tax. Please note that this publication also addresses certain aspects of a municipal level tax that also applies to sales of cannabis.

1. What is the statewide Cannabis Tax?

The statewide Cannabis Tax is a tax that is imposed on retail sales of cannabis plant materials, cannabis edible products, and cannabis (other than cannabis plant material or cannabis edible products) by a cannabis retailer, hybrid retailer, or micro cultivator and is based upon the amount of tetrahydrocannabinol (THC) per milligram of said products.

2. What is the tax rate of the statewide Cannabis Tax?

There are three different tax rates under the statewide Cannabis Tax. The applicable tax rate is determined by the type of product that is being sold. To this end, the statewide Cannabis Tax is imposed on the following products at the following rates:

- **Cannabis plant materials:** Six hundred twenty-five-thousandths of one cent (\$0.00625) per milligram of total THC, as reflected on the product label;
 - **Cannabis edible products:** Two and seventy-five-hundredths cents (\$0.0275) per milligram of total THC, as reflected on the product label; **and**
 - **Cannabis, other than cannabis plant material or cannabis edible products:** Nine-tenths of one cent (\$0.009) per milligram of total THC, as reflected on the product label.
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3. Who is responsible for collecting and remitting the statewide Cannabis Tax?

Although the statewide Cannabis Tax is imposed on each cannabis retailer, hybrid retailer, or micro-cultivator for the privilege of making any sales of cannabis in this state, state law allows the cannabis retailer, hybrid retailer, or micro-cultivator to collect the tax from the consumer at the time of sale. It is important to note that any tax collected from the consumer by the cannabis retailer, hybrid retailer or micro-cultivator is deemed to be a special fund in trust for the state until remitted to the state.

4. How is the term “cannabis plant material” defined for purposes of the statewide Cannabis Tax?

For purposes of the statewide Cannabis Tax, the term “cannabis plant material” has the same meaning as provided in Conn. Gen. Stat. § 21a-279a, which defines said term to mean and include cannabis flower, cannabis trim and all parts of any plant or species of the genus cannabis, or any infra specific taxon thereof, excluding a growing plant, and the seeds thereof. It is important to note that “cannabis plant material” does not include hemp, as defined in Conn. Gen. Stat. § 22-61l.

5. How is the term “cannabis edible product” defined for purposes of the statewide Cannabis Tax?

For purposes of the statewide Cannabis Tax, the term “cannabis edible product” means a product containing cannabis or cannabis concentrate, combined with other ingredients, that is intended for use or consumption through ingestion, including sublingual or oral absorption.

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6. How is the term “cannabis” defined for purposes of the statewide Cannabis Tax?

For purposes of the statewide Cannabis Tax, the term “cannabis” means marijuana as defined in Conn. Gen. Stat. § 21a-240.

7. What is the statutory authority for the statewide Cannabis Tax?

The statewide Cannabis Tax is codified in Conn. Gen. Stat. § 12-330*ll*.

8. Are there any sales of cannabis products that are not subject to the statewide Cannabis Tax?

Yes, the statewide Cannabis Tax **does not apply to**:

- Sales of cannabis for palliative use;
 - Transfers of cannabis to a transporter for transport to any other cultivator, micro-cultivator, food and beverage manufacturer, product manufacturer, product packager, dispensary facility, cannabis retailer, hybrid retailer or producer; **or**
 - Sales of cannabis by a delivery service to a consumer.
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9. Aside from the statewide Cannabis Tax, are sales of cannabis products subject to any other state taxes?

Yes. Each sale of cannabis made by a cannabis retailer, hybrid retailer or micro cultivator that is subject to the statewide Cannabis Tax is also subject to the taxes imposed under Chapter 219 (sales and use taxes) and the tax imposed under Conn. Gen. Stat. § 12-330mm (municipal level cannabis tax).

10. Is each cannabis retailer, hybrid retailer, or micro-cultivator required to register with the Department of Revenue Services (DRS)?

Yes. Each cannabis retailer, hybrid retailer or micro cultivator must register with DRS before it can legally sell cannabis in Connecticut.

11. How does a cannabis retailer, hybrid retailer, or micro-cultivator register with DRS?

To register for the statewide Cannabis Tax, each cannabis retailer, hybrid retailer, micro-cultivator must contact DRS at **860-541-3286**, Monday through Friday, 8:00 a.m. to 4:30 p.m. or email Michael.Perkowski@ct.gov

12. Is there a fee to register for the statewide Cannabis Tax with DRS?

No, there is no fee to register for the statewide Cannabis Tax. However, in addition to registering for the statewide Cannabis Tax, a cannabis retailer, hybrid retailer or micro-cultivator must also register with DRS for sales and use taxes. There is a \$100 fee to register with DRS for the sales and use taxes.

13. What is the due date for filing and paying the statewide Cannabis Tax?

The Cannabis Tax Return is required to be filed and any associated payment made on or before the end of the month following the monthly period covered by said return. To this end, and by way of example, the Cannabis Tax Return covering the month of June of 2023 would be due on or before July 31, 2023.

14. How is the statewide Cannabis Tax filed and paid to DRS?

As noted above, each cannabis retailer, hybrid retailer or micro cultivator is required to file a Cannabis Tax Return for each month it transacts business in Connecticut and makes retail sales of cannabis that are subject to the statewide Cannabis Tax. Such returns must be filed electronically using **myconneCT** and the tax due is required to be paid by electronic funds transfer.

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15. Are there any penalties or interest associated with failure to report the sales of cannabis or pay the associated tax due?

Any cannabis retailer, hybrid retailer or micro-cultivator that fails to pay the amount of tax reported due on its Cannabis Tax Return in a timely manner shall be subject to a penalty equal to 25% of the amount due and unpaid or \$250, whichever is greater. Any unpaid amount shall be subject to interest at the rate of one per cent (1%) per month or fraction thereof from the due date of the tax until the said amount is paid.

16. Is DRS responsible for collecting the municipal level cannabis tax?

No. That said, and as noted above, each sale of cannabis made by a cannabis retailer, hybrid retailer or micro cultivator that is subject to the statewide Cannabis Tax is also subject to the municipal level cannabis tax imposed under Conn. Gen. Stat. § 12-330mm. Although DRS is not responsible for collecting the municipal level cannabis tax, DRS does play a role in the administration of this tax.

More specifically, state law requires each cannabis retailer, hybrid retailer or micro cultivator to file municipal level cannabis tax returns with DRS. State law further requires DRS to notify each municipality in which a cannabis retailer, hybrid retailer or micro-cultivator is located of the amount of tax due such municipality from sales of cannabis made by each cannabis retailer, hybrid retailer or micro-cultivator within such municipality during the applicable period.

In order to meet this statutory charge, each such municipality must provide contact information to DRS. To this end, the Department will be issuing guidance setting forth the policies and procedures for the provision to municipalities of the information required under Conn. Gen. Stat. § 12-330mm.

17. Who should a cannabis retailer, hybrid retailer, or micro-cultivator contact with questions regarding the municipal level cannabis tax?

Any and all questions related to the municipal level cannabis tax should be directed to the municipality in which the retailer, hybrid retailer or micro-cultivator is operating.

Effective Date: Upon issuance.

Effect on Other Documents: None.

For the Latest News: Visit the DRS website at portal.ct.gov/DRS.

E-Services Update

Use **myconneCT** to file taxes, make payments, view filing history, and communicate with the agency simply and more efficiently on virtually any mobile device, including laptops, tablets, and smartphones, 24 hours a day, 7 days a week. For updated information, please visit the DRS website at portal.ct.gov/DRS-myconneCT.

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