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**ANNOUNCEMENT**

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**The Connecticut Cigarette Tax Treatment of Little Cigars**

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**Purpose:** This Announcement reminds licensed cigarette distributors and licensed cigarette dealers that:

- The sale of packages of little cigars to which Connecticut cigarette tax stamps are not affixed is prohibited;
- The sale of little cigars other than in an unopened package originating with the manufacturer and containing 20 or more little cigars is prohibited. Distributors and dealers were previously advised of these prohibitions by **Special Notice 2000(16.1)**, *Revised Special Reporting Requirements for Cigarette Stamps and Tobacco Product Distributors*.

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**Effective Date:** From issuance.

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**Statutory Authority:** Conn. Gen. Stat. §§12-285, 12-302, 12-304, and 12-314.

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**Little Cigars:** For Connecticut cigarette tax purposes, little cigars are treated as cigarettes. A *little cigar* is any roll for smoking that has a wrapper made of homogenized tobacco or natural leaf tobacco and that is a cigarette size so that it weighs three pounds or less per thousand. The Connecticut cigarette tax treatment of little cigars differs from the federal treatment of little cigars (which are referred to as *small cigars* in the Internal Revenue Code).

For federal excise tax purposes, little cigars are subject to the federal excise tax under Section 5701(a)(1) of the Internal Revenue Code “on cigars weighing not more than three pounds per thousand,” and not to the federal excise tax under Section 5701(b) of the Internal Revenue Code on cigarettes.

For purposes of the federal Cigarette Labeling and Advertising Act (15 U.S.C. §1331 et seq.), little cigars

are not cigarettes, as defined in 15 U.S.C. §1332(1). Consequently, packages of little cigars are not required under 15 U.S.C. §1333 to bear the Surgeon General’s warning.

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**Packages of Little Cigars Must Have Connecticut Cigarette Tax Stamps Affixed to Them:**

Conn. Gen. Stat. §12-302, which prohibits licensed cigarette distributors from affixing stamps to packages of cigarettes if the packages are not labeled in conformity with the federal Cigarette Labeling and Advertising Act, does **not** prohibit the affixing of Connecticut cigarette tax stamps to packages of little cigars not bearing the Surgeon General’s warning. On the contrary, licensed cigarette distributors must affix Connecticut cigarette tax stamps to packages of little cigars not bearing the Surgeon General’s warning. Any person selling, offering for sale, displaying for sale, or possessing with intent to sell packages of little cigars to which Connecticut cigarette tax stamps are not affixed is subject to a fine of not more than \$1,000 or imprisonment for not more than one year, or both. Also, unstamped packages of little cigars are contraband subject to seizure.

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**Packages Must Contain 20 or More Little Cigars:**

The sale by a licensed cigarette distributor or by a licensed cigarette dealer of little cigars *other than* in an unopened package originating with the manufacturer and containing 20 or more little cigars is prohibited. Distributors or dealers violating this prohibition are subject to civil penalties and to the suspension or revocation of their license.

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**Distributors to Furnish Copies to Their Customers:**

Each licensed distributor must, no later than 60 days following its receipt of this Announcement, provide a copy to each customer who is a licensed dealer.

**Effect on Other Documents:** **Special Notice 2000(16.1)**, *Revised Special Reporting Requirements for Cigarette Stampers and Tobacco Product Distributors*, which discusses the treatment of little cigars, for purposes of the Master Settlement Agreement and for purposes of completing **Schedule H**, *Cigarette Packages Stamped During the Month*, to **Form CT-15**, *Monthly Tax Stamp and Cigarette Report/Resident Distributor*, or to **Form CT-15A**, *Monthly Tax Stamp and Cigarette Report/Nonresident Distributor*, is unaffected by this Announcement, and remains in full force and effect.

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**Effect of This Document:** Announcements alert taxpayers to new developments (other than newly enacted or amended Connecticut or federal laws or newly released judicial decisions), including new administrative positions, policies, or practices.

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**Further Information:** Please 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 24 hours a day by calling 860-297-4911.

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

- **Internet:** Preview and download forms and publications from the DRS Web site at **www.ct.gov/DRS**
  - **DRS TAX-FAX:** Call **860-297-5698** from the handset attached to your fax machine and select from the menu.
  - **Telephone:** Call **860-297-4753** (from anywhere), or **1-800-382-9463** (in-state) and select **Option 2** from a touch-tone phone.
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**Paperless Filing Methods (fast, easy, free, and confidential):**

- **For business returns:** Use **Fast-File** to file sales and use taxes, business use tax, room occupancy tax, or withholding tax returns over the Internet or telephone. Visit the DRS Web site at **www.ct.gov/DRS** and click on **File Returns On-Line** or call **860-947-1988**.
- **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 Returns On-Line**.