



STATE OF CONNECTICUT

## DEPARTMENT OF REVENUE SERVICES SN 2000(16.1)

25 Sigourney Street  
Hartford CT 06106-5032

SPECIAL NOTICE

### Revised Special Reporting Requirements for Cigarette Stampers and Tobacco Products Distributors

**PURPOSE:** This Special Notice describes 2000 legislation requiring cigarette stampers and tobacco products distributors to report, by manufacturer, the number of cigarettes stamped and the number of packages of “roll-your-own” cigarette tobacco on which tobacco products tax is paid. As the result of the recent adoption of regulations under the 2000 legislation, reporting requirements originally described in **Special Notice 2000(16)**, *Special Reporting Requirements for Cigarette Stampers and Tobacco Products Distributors*, are revised. This Special Notice describes those revisions, as well as the consequences for failing to meet the revised requirements. This Special Notice also describes revisions being made to certain schedules that cigarette stampers and tobacco products distributors are required to attach to their monthly reports.

**EFFECTIVE DATE:** Effective December 15, 2000.

**STATUTORY AUTHORITY:** 2000 Conn. Pub. Acts 208; Conn. Agencies Regs. §§12-313-11a, 12-313-17a, 12-330n-1 and 12-330n-2.

**DEPARTMENT OF REVENUE SERVICES REQUIRED TO COLLECT INFORMATION ABOUT CIGARETTES SOLD BY MANUFACTURERS:** Effective July 1, 2000, the Department of Revenue Services (DRS) is responsible for ascertaining the amount of Connecticut excise tax paid on the cigarettes of each tobacco products manufacturer for each year. This information will be used by the Attorney General of Connecticut to determine the amount, per cigarette sold, that certain tobacco products manufacturers must place into an escrow account annually, if such manufacturers are not

signatories to the Master Settlement Agreement entitled *State of Connecticut v. Philip Morris, et al.*

**DEFINITIONS:**

**CIGARETTE:** Under 2000 Conn. Pub. Acts 208, §1(4), the term “cigarette” includes roll-your-own cigarette tobacco as well as regular cigarettes. Each nine one-hundredths (0.09) of an ounce of roll-your-own cigarette tobacco constitutes one individual cigarette.

In Connecticut, cigarettes are taxed and stamped under the provisions of the Cigarette Taxes Act, Chapter 214 of the Connecticut General Statutes, while roll-your-own cigarette tobacco is separately taxed under the provisions of the Tobacco Products Act, Chapter 214a of the Connecticut General Statutes. Therefore, both cigarette stampers and tobacco products distributors will have reporting responsibilities under the new legislation and under recently adopted regulations.

**SMALL CIGAR:** Under Chapter 214, the term “cigarette” also includes any roll for smoking which has a wrapper made of homogenized tobacco or natural leaf tobacco and which is a cigarette size so that it weighs three pounds or less per thousand (“small cigar” or “little cigar”, as defined in Conn. Gen. Stat. §12-285). The law requires stampers to affix Connecticut heat-applied decals to packages of small cigars. The sale of small cigars other than in an unopened package containing 20 or more such small cigars is prohibited. For more information, see **Special Notice 2000(6)**, *2000 Legislation Affecting Cigarette Taxes and Sales of Cigarettes*.

Since **Special Notice 2000(16)** was issued, DRS has reconsidered whether the special reporting requirements for cigarette stampers that are discussed below apply to small cigars. DRS has determined that the special reporting requirements **do not** apply to small cigars if they are properly treated as small cigars

for purposes of the federal excise tax on cigars (26 U.S.C. §5701(a)(1)). However, those special reporting requirements **do** apply to small cigars if they are properly treated as cigarettes for purposes of the federal excise tax on cigarettes (26 U.S.C. §5701(b)).

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**REPORTING REQUIREMENTS FOR CIGARETTE STAMPERS:** Every cigarette stamper (a cigarette distributor licensed under the provisions of Chapter 214 who affixes Connecticut heat-applied decals to packages of cigarettes) must complete and attach a monthly schedule, *Schedule H, Cigarette Packages Stamped During the Month*, to **Form CT-15, Monthly Tax Stamp and Cigarette Report/Resident Distributor**, in the case of a resident distributor, or to **Form CT-15A, Monthly Tax Stamp and Cigarette Report/Nonresident Distributor**, in the case of a nonresident distributor. The December 2000 revision (*Schedule H* (Rev. 12/00)) must be used for November 2000 and for succeeding months. If a *Schedule H* has not previously been filed by a cigarette stamper for one or more of the months of July, August, September, or October, 2000, either the original version (*Schedule H* (New 10/00)) or the December 2000 revision may be used, but each previously unfiled *Schedule H* for those months must be filed on or before December 26, 2000.

The cigarette stamper will complete *Schedule H* for each month as follows:

**Part I:** For each manufacturer from which the stamper made direct purchases of packages of cigarettes that were actually manufactured by such manufacturer:

- Enter the name, address and other information about;
- The number of Connecticut heat-applied decals that were affixed to such packages; and
- The number of cigarettes in each package.

A recently adopted regulation (Conn. Agencies Regs. §12-313-17a) provides that the brand names of cigarettes that were directly purchased from such manufacturer by the stamper are not required to be listed. Part I of *Schedule H* (Rev. 12/00) has been revised accordingly.

**Part II:** Enter the same information with respect to packages of cigarettes that the stamper purchased from all other suppliers; however, the brand names of cigarettes that were purchased from all other suppliers are required to be listed.

Stampers should obtain *Schedule H* (Rev. 12/2000) from either the DRS Internet web site or DRS TAX-FAX. (See *Forms and Publications*.)

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**REPORTING REQUIREMENTS FOR TOBACCO PRODUCTS DISTRIBUTORS:** Every tobacco products distributor licensed under the provisions of Chapter 214a must complete and attach a monthly schedule, *Schedule E, Roll-Your-Own Tobacco Products Purchased, Acquired or Shipped Into Connecticut During the Month*, to **Form OP-300, Tobacco Products Tax Return**. The December 2000 revision (*Schedule E* (Rev. 12/00)) must be used for November 2000 and for succeeding months. If a *Schedule E* has not previously been filed by a tobacco products distributor for one or more of the months of July, August, September, or October, 2000, either the original version (*Schedule E* (New 10/00)) or the December 2000 revision may be used, but each previously unfiled *Schedule E* for those months must be filed on or before December 26, 2000.

The tobacco products distributor will complete *Schedule E* for each month as follows:

**Part I:** For each manufacturer from which the distributor made direct purchases of roll-your-own cigarette tobacco that was actually manufactured by such manufacturer:

- Enter the name, address, and other information about;
- The quantity, by weight, of such directly-purchased tobacco that was purchased by the licensed distributor during the month. Each nine one-hundredths (0.09) of an ounce of roll-your-own cigarette tobacco constitutes one individual cigarette.

A recently adopted regulation (Conn. Agencies Regs. §12-330n-2) provides that the brand names of such tobacco that was directly purchased from each manufacturer by the distributor are not required to be listed. Part I of *Schedule E* (Rev. 12/00) has been revised accordingly.

**Part II:** Enter the same information with respect to packages of roll-your-own cigarette tobacco that the distributor purchased from all other suppliers; however, the brand names of roll-your-own cigarette tobacco that was purchased from all other suppliers are required to be listed.

DRS will mail a *Schedule E* (Rev. 12/00) with the Form OP-300 for each month.

**PENALTIES FOR FAILURE TO COMPLY:** Each person who is required to file *Schedule H* or *Schedule E*, as the case may be, on a timely basis, but who fails to do so, or who fails to provide the required information on such schedules, will be notified by DRS of the time and place of hearing at which such person will be required to show cause why such person's distributor's license should not be suspended or revoked. Conn. Agencies Regs. §§12-313-17a and 12-330n-2.

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**EFFECT ON OTHER DOCUMENTS:** This Special Notice modifies and supersedes **Special Notice 2000(16)**, which may not be relied upon on or after December 15, 2000.

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**EFFECT OF THIS DOCUMENT:** A Special Notice is a document that 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 DRS's informal interpretation of Connecticut tax law and may be referred to for general guidance by taxpayers or tax practitioners.

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**FOR FURTHER INFORMATION ON CIGARETTE TAXES OR THE TOBACCO PRODUCTS TAX:** For further information on cigarette taxes, the tobacco products tax, or the special reporting requirements that are discussed in this

Special Notice, please call the Excise/Public Services Taxes Subdivision of the Audit Division at 860-541-3225 during business hours, 8:00 a.m. to 5:00 p.m., Monday through Friday.

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**FOR FURTHER INFORMATION:** Please call DRS during business hours, 8:00 a.m. to 5:00 p.m., Monday through Friday:

- **1-800-382-9463** (toll-free within Connecticut), 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 all day, seven days a week:

- **Internet:** Preview and download forms and publications from the DRS Web site: **[www.drs.state.ct.us](http://www.drs.state.ct.us)**
- **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** (toll-free within Connecticut) and select **Option 2** from a touch-tone phone.