



INFORMATIONAL PUBLICATION

**Licensed Non-Stamping Distributor's Guide to Connecticut
Cigarette Tax Laws and Other Cigarette-Related Laws**

Purpose: This Informational Publication describes what the requirements of Connecticut cigarette tax laws and other cigarette-related laws are for you as a licensed non-stamping distributor. However, this Informational Publication does not describe what the requirements of Connecticut cigarette tax laws and other cigarette-related laws are for licensed stamping distributors or for persons who are licensed cigarette distributors on account of their operating and servicing 25 or more cigarette vending machines. Those persons should see **Informational Publication 2006(28)**, *Licensed Stamping Distributor's Guide to Connecticut Cigarette Tax Law and Other Cigarette-Related Laws*, and **Informational Publication 2006(30)**, *Guide to Connecticut Cigarette Tax Law and Other Cigarette-Related Laws for Persons Operating and Servicing 25 or More Cigarette Vending Machines*, respectively.

Effective Date: Effective upon issuance.

Statutory Authority: Conn. Gen. Stat. §§12-285 to 12-330p, inclusive, as amended by 2006 Conn. Pub. Acts 194, §§10 to 16, inclusive.

Definitions: For purposes of this Informational Publication:

- **Cigarette** means any roll for smoking made wholly or in part of tobacco, irrespective of size or shape and irrespective of whether the tobacco is flavored, adulterated, or mixed with any other ingredient, where the roll has a wrapper or cover made of paper or any other material. **Cigarette** includes any roll for smoking that has a wrapper made of homogenized tobacco or natural leaf tobacco where the roll is a cigarette size and weighs three pounds or less per thousand. **Cigarette** does not include any roll for smoking,

where such roll has a wrapper wholly or in greater part made of tobacco and weighs over three pounds per thousand.

- **Connecticut Tobacco Directory** means the directory of each manufacturer of cigarettes or roll-your-own tobacco that has completed and submitted a current and accurate **Form TPM-2, Certification for Listing in Connecticut Directory**, and all brand families listed on the form. The Connecticut Tobacco Directory is organized alphabetically both by brand and by manufacturer. Only cigarettes and roll-your-own tobacco of a tobacco product manufacturer and brand family listed in the Connecticut Tobacco Directory may be sold, offered for sale, possessed for sale, or distributed in Connecticut.
- **DRS** means the Department of Revenue Services.
- **Licensed cigarette dealer** means a person issued a cigarette dealer's license by DRS. **Licensed cigarette dealer** includes a person operating and servicing fewer than 25 cigarette vending machines or restricted cigarette vending machines.
- **Licensed cigarette distributor** means a person issued a cigarette distributor's license by DRS. **Licensed cigarette distributor** includes a person operating and servicing 25 or more cigarette vending machines or restricted cigarette vending machines.
- **Licensed tobacco products distributor** means a person issued a tobacco products distributor's license by DRS.
- **Little cigar** or **small cigar** means any roll for smoking that has a wrapper made of homogenized tobacco or natural leaf tobacco where the roll is a cigarette size and weighs three pounds or less per thousand. **Little cigars** or **small cigars** are treated as cigarettes for Connecticut cigarette tax purposes.

- **Non-stamping distributor** or **licensed non-stamping distributor** means a licensed cigarette distributor that is not a stamping distributor and is allowed to purchase stamped packages of cigarettes (and prohibited from purchasing unstamped packages of cigarettes).
- **Stamping distributor** or **licensed stamping distributor** means a licensed cigarette distributor allowed to purchase unstamped packages of cigarettes and required to affix Connecticut cigarette tax stamps to those packages before the packages are transferred out of the licensed stamping distributor's possession (unless a transfer from one licensed stamping distributor to another licensed stamping distributor is involved).
- **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 cigarettes.
- **Taxed tobacco products** means tobacco products purchased from licensed tobacco products distributors. These are tobacco products on which the Connecticut tobacco products tax has been paid.
- **Untaxed tobacco products** means tobacco products purchased from persons who are not licensed tobacco products distributors. These are tobacco products on which the Connecticut tobacco products tax has not been paid.

What does a cigarette distributor's license allow me to do?

A Connecticut cigarette distributor's license permits you to make sales at wholesale of cigarettes in Connecticut. Without a Connecticut cigarette distributor's license, you could not lawfully make sales at wholesale of cigarettes in Connecticut. You may purchase your cigarette inventory only from licensed stamping distributors. You must inspect all packages of cigarettes (including packages of

cigarettes in cartons) before selling them to ensure the following conditions are met:

- Each package of cigarettes must contain not less than 20 cigarettes. You may not purchase or sell packages of cigarettes that contain less than 20 cigarettes.
- Each package of cigarettes must bear the Surgeon General's warning except as otherwise noted. You may not purchase or sell packages of cigarettes that do not bear the Surgeon General's warning. However, you may purchase, stamp, or sell packages of little cigars not bearing the Surgeon General's warning because packages of little cigars are not required to bear the Surgeon General's warning. (See **Announcement 2004(4)**, *The Connecticut Cigarette Tax Treatment of Little Cigars*, for more information.)
- Each package of cigarettes must not bear any label or notice identifying that the cigarettes were intended for export, including "For export only," "U.S. Tax-Exempt," "For use outside U.S." or similar wording. You may not purchase or sell packages of cigarettes that bear any label or notice identifying that the cigarettes were intended for export.
- Each package of cigarettes must be of a tobacco product manufacturer and brand family listed in the Connecticut Tobacco Directory. (To view the Connecticut Tobacco Directory, see *Where do I get the information I need?*) You may not purchase or sell packages of cigarettes of a tobacco product manufacturer and brand family not listed in the Connecticut Tobacco Directory.

If your inspection of the cigarettes discloses no violations of the conditions listed above, your sales at wholesale of the cigarettes are subject to the following further conditions:

- Your sales may be made only to licensed cigarette dealers. (To view a list of licensed cigarette dealers, see *Where do I get the information I need?*)
- You may not sell the cigarettes below cost.

As a licensed cigarette distributor, what am I required to do?

You are required to conspicuously display your cigarette distributor's license at the premises covered by the license.

As a licensed cigarette distributor, may I distribute sample cigarettes?

You are prohibited from distributing sample cigarettes unless you have received specific, written authorization from DRS to do so.

As a licensed cigarette distributor, am I allowed to sell tobacco products?

You are prohibited from purchasing and selling tobacco products unless you are a licensed tobacco products distributor or a licensed cigarette dealer. A Connecticut cigarette distributor's license does not allow you to make sales, either at retail or wholesale, of tobacco products in Connecticut. For more information, see **Informational Publication 2006(31)**, *Licensed Tobacco Products Distributor's Guide to Connecticut Tobacco Products Tax Laws and Other Tobacco Products-Related Laws*, and **Informational Publication 2006(26)**, *Licensed Cigarette Dealer's Guide to Connecticut Cigarette Tax Laws and Other Cigarette-Related Laws*.

How frequently must I renew my cigarette distributor's license?

A cigarette distributor's license is an annual license and expires on September 30. To renew your cigarette distributor's license, you must file the application for renewal (**Form REG-9**), which is automatically mailed to you by DRS before your current license expires. The license renewal fee is \$1,000, unless you are a "chain store" distributor, in which event the license renewal fee is between \$250 and \$1,000 depending on the number of stores you operate.

What records am I required to maintain?

You are required to keep a sales journal that shows your daily sales (by package and purchaser) of cigarettes; a copy of each sales invoice showing the date, the name and address of the purchaser, the quantity (by package) of cigarettes sold, and the sales price of the cigarettes; a purchase journal that shows your daily purchases (by package and supplier) of cigarettes; and a copy of each purchase invoice showing the date, the name and address of the distributor, the quantity (by package) of cigarettes purchased, and the cost to you of the cigarettes. You are required to keep these records for at least three years.

Is my inventory and are my records subject to inspection during normal business hours?

DRS agents may examine your books, papers, and records relating to cigarettes purchased or sold by you, without prior notice, during your normal business hours.

DRS agents may investigate and examine your cigarette inventory in or upon the premises where your cigarette inventory is possessed, stored, or sold. This examination may include the physical testing of the cigarettes or their packaging and the testing of Connecticut cigarette tax stamps by electronic or chemical means.

If you are in possession of any packages of cigarettes that you are prohibited from selling in Connecticut (such as packages of cigarettes that have no Connecticut cigarette tax stamps attached to them or packages of cigarettes of a tobacco product manufacturer or brand family not listed in the Connecticut Tobacco Directory), DRS agents will seize those cigarettes as contraband. (For more information on cigarettes you are prohibited from selling, see *What does a cigarette distributor's license allow me to do?*)

Any house, building, or other premises and any vehicle or other conveyance suspected of containing untaxed cigarettes may be searched by DRS agents under due process of law and the cigarettes may be seized without a warrant.

Any vehicle used to transport untaxed cigarettes, and all equipment or tangible personal property used in connection with such transport, are contraband and may be seized by DRS agents without a warrant.

What criminal sanctions am I subject to if I engage in activities that licensed cigarette distributors are prohibited from doing?

- If you sell cigarettes without a cigarette distributor's license, you are subject to a criminal fine of not more than \$500 or imprisonment for not more than three months, or both, for each offense. Each day of unauthorized operation is deemed to be a separate offense.
- If you sell, offer for sale, display for sale, or possess with intent to sell any cigarettes you are prohibited from selling in Connecticut, you are subject to being fined not more than \$1,000 or imprisoned not more than one year, or both fined and imprisoned. For more information on cigarettes you are prohibited from selling, see *What does a cigarette distributor's license allow me to do?* If you sell, offer for sale, display for

sale, or possess with intent to sell 20,000 or more cigarettes you are prohibited from selling in Connecticut, you are subject to being fined not more than \$5,000 or imprisoned not less than one year nor more than five years, or both fined or imprisoned.

In addition to the criminal sanctions for the offenses mentioned above, your cigarette distributor's license may, after a hearing ordered by DRS, be suspended or revoked by DRS if DRS determines that you have committed any of these offenses.

How do I report suspected violations by other licensed cigarette distributors to DRS?

Suspected violations should be reported to the DRS Special Investigations Unit at 860-566-4914.

Where do I get the information I need?

You may visit the DRS Web site 24 hours a day, seven days a week. By clicking on the *Cigarette and Tobacco Products Taxes* quick link, you will have instant access to:

- Connecticut cigarette tax statutes and regulations;
 - Special Notices, Announcements, Policy Statements, and Informational Publications affecting the Connecticut cigarette tax;
 - A list of licensed cigarette distributors;
 - A list of licensed cigarette dealers; **and**
 - The Connecticut Tobacco Directory.
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What forms am I required to file?

As a licensed non-stamping distributor, you are not required to file any cigarette tax forms with DRS unless you intend to acquire unstamped cigarettes and have, prior to acquiring such cigarettes, provided notice of such intent to DRS in compliance with Conn. Agencies Regs. §12-293a(a)-1.

However, you are required to file an application (Form REG-9) to renew your cigarette distributor's license. Form REG-9 will automatically be sent to you for your completion.

What if I purchase another licensed distributor's business or cigarette inventory?

If you purchase another licensed distributor's business or cigarette inventory, you are liable (to the extent of the purchase price) for that distributor's cigarette tax liability unless you make a timely request for a cigarette tax clearance certificate and, in connection with your request, follow the written instructions provided to you by DRS. For more information, see **Informational Publication 2004(26), *Successor Liability for Cigarette Tax***.

Effect on Other Documents: None affected.

Effect of This Document: An Informational Publication issued by DRS addresses frequently asked questions about a current position, policy, or practice, usually in a less technical question and answer format.

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.

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 **1-800-382-9463** (Connecticut calls outside the Greater Hartford calling area only) and select **Option 2** from a touch-tone phone, or call **860-297-4753** (from anywhere).

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*.

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