



## Q & A on the Cigarette Tax Increase Effective July 1, 2011, for Licensed Cigarette Dealers

**Purpose:** This Informational Publication describes recently enacted legislation increasing the cigarette tax rate effective July 1, 2011. The legislation also imposes a tax, as of the close of business on June 30, 2011, on each licensed cigarette dealer's inventory of packages of cigarettes, including those in cartons, that have an old cigarette tax stamp attached.

**Effective Date:** July 1, 2011.

**Statutory Authority:** 2011 Conn. Pub. Acts 6, §82, Conn. Gen. Stat. §12-296, as amended by 2011 Conn. Pub. Acts 6, §80; Conn. Gen. Stat. §12-316, as amended by 2011 Conn. Pub. Acts 6, §81; and Conn. Gen. Stat. §12-330c, as amended by 2011 Conn. Pub. Acts 6, §83 and as amended by Conn. Pub. Acts 6, §83.

**Cigarette Tax Rate Increase:** The cigarette tax rate will increase from 15¢ to 17¢ per cigarette on July 1, 2011.

	Tax before 7-01-2011	Tax on or after 7-01-2011
<b>Packages</b>		
20 cigarettes per package	\$3.00	\$3.40
25 cigarettes per package	3.75	4.25
<b>Cartons</b>		
5 packs per carton (20s)	\$15.00	\$17.00
10 packs per carton (20s)	30.00	34.00
8 packs per carton (25s)	30.00	34.00
10 packs per carton (25s)	37.50	42.50

**Tax on Cigarette Inventory as of Close of Business on June 30, 2011:** As of the close of business on June 30, 2011, if you have any packages of cigarettes, including those in cartons, that have an old cigarette tax stamp attached to them, you are liable for a tax (known as a floor tax) on those packages. The floor tax is the difference between the old cigarette tax rate and the new cigarette tax rate.

**Close of Business on June 30, 2011:** If your business closes after 11:59 p.m. on June 30, 2011, you

must take the cigarette inventory as of 11:59 p.m. on June 30, 2011.

**1. When do I take the inventory of packages of cigarettes that have old cigarette tax stamps attached?**

You must take an inventory as of the close of business on June 30, 2011, or at 11:59 p.m. June 30, 2011, if your business closes after 11:59 p.m. on June 30, 2011. The inventory must include a physical count of all packages of cigarettes, including those in cartons, that have an old cigarette tax stamp attached. This inventory must also include promotional packages of cigarettes that have an old cigarette tax stamp attached. You must immediately enter this information on to *Schedule A*, which is located on the back of **Form FT-TFT, Floor Tax Form for Cigarette Tax**, follow the instructions, and sign the report. (See Question 4 for information on filing the report.)

**Old cigarette tax stamp** means any Connecticut cigarette tax stamp other than violet (\$3.40 Connecticut cigarette tax stamp for packages of 20 cigarettes) or tan (\$4.25 Connecticut cigarette tax stamp for packages of 25 cigarettes).

**2. Am I required to purchase and affix floor tax stamps to packages of cigarettes in inventory as of the close of business on June 30, 2011?**

No.

**3. What if I have packages of cigarettes in inventory at the close of business on June 30, 2011, that have new cigarette tax stamps already attached?**

Do not include in your inventory any packages of cigarettes that have a new cigarette tax stamp attached. **New cigarette tax stamp** means either a **violet** \$3.40 Connecticut cigarette tax stamp for packages of 20 cigarettes or a **tan** \$4.25 Connecticut cigarette tax stamp for packages of 25 cigarettes.

**4. When do I file Form FT-TFT?**

You must complete and sign Form FT-TFT as of the close of business on June 30, 2011, and keep a copy of the signed Form FT-TFT on your premises for inspection by Department of Revenue Services (DRS) agents.

You must file the original Form FT-TFT and pay the tax to DRS no later than August 15, 2011. You must file Form FT-TFT whether or not you have packages of cigarettes in your inventory that have old cigarette tax

stamps attached. If you fail to file Form FT-TFT with DRS on or before August 15, 2011, your dealer's license and any other license issued to you by DRS may be revoked, in addition, your dealer's license may not be renewed.

### 5. When do I pay the floor tax?

You must pay the floor tax on or before August 15, 2011. The tax is due on each package of cigarettes, including those in cartons that you have in inventory as of the close of business on June 30, 2011, which have an old cigarette tax stamp attached.

Make your check payable to **Commissioner of Revenue Services** and remit the tax with Form FT-TFT on or before August 15, 2011. Mail your payment and Form FT-TFT to:

Department of Revenue Services  
PO Box 2938  
Hartford CT 06104-2938

### 6. What if I do not comply with the requirements described in this informational publication?

DRS audit and enforcement personnel will be out in force to verify that you correctly accounted for the inventory of packages of cigarettes, including those in cartons that have old cigarette tax stamps attached as of the close of business on June 30, 2011. If you fail to report and pay the correct amount of floor tax, you will be subject to penalty and interest. The penalty for willfully delivering a false return to DRS is a fine of not more than \$5,000, imprisonment for not more than five years, or both.

If any dealer or distributor fails to file Form FT-TFT on or before August 15, 2011, DRS will make an estimate of the number of packs of cigarettes in the inventory of the dealer or distributor as of the close of business on June 30, 2011, based on information available to DRS. This estimate will be used to compute the amount of tax, interest, and penalty due.

### 7. How do I report those who are in violation of the law?

Contact the DRS Special Investigations Section at **860-297-5877** during business hours, Monday through Friday, 8:30 a.m. to 4:30 p.m.

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### Additional Information for Licensed Cigarette Dealers Who are Licensed Tobacco Products Distributors:

On July 1, 2011, the tobacco products tax will increase from 27.5% of the wholesale sales price to 50%. However, the tax on cigars shall not exceed 50¢ per cigar. The tax rate on snuff tobacco products will increase from 55¢ per ounce to \$1.00 per ounce. There is no floor tax on the tobacco products held in inventory by the tobacco products distributors and cigarette dealers.

**Effect on Other Documents:** None affected.

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**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.

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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 **Taxpayer Service Center (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. Designate 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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