



450 Columbus Blvd Ste 1
Hartford CT 06103-1837

SPECIAL NOTICE

2017 Special Session Tax Increases for Cigarettes and Snuff

Cigarette Tax Increase

December 1, 2017, Cigarette Tax Rate Increase: On December 1, 2017, the tax on cigarettes increases from 19.5¢ (\$0.195) per cigarette to 21.75¢ (\$0.2175) per cigarette.

Table with 3 columns: Category, Tax before 12/1/17, Tax on or after 12/1/17. Rows include Packs (20 and 25 cigarettes per pack), Cartons (Packs of 20 and 25 cigarettes).

Important Information Regarding New Cigarette Tax Stamps Required as a Result of the Increase in the Cigarette Tax Rate Effective December 1, 2017: As a result of the increased cigarette tax, new stamps will be needed for cigarettes sold on or after December 1, 2017.

Old cigarette tax stamps means any Connecticut cigarette tax stamps other than the new cigarette tax stamps described below.

New cigarette tax stamps means violet (\$4.35) Connecticut cigarette tax stamps for packs of 20 cigarettes, or tan (\$5.4375) Connecticut cigarette tax stamps for packs of 25 cigarettes.

Information for All Cigarette Dealers and Distributors, including Stamping Distributors, Regarding the Cigarette Floor Tax

Tax on Cigarette Inventory as of Close of Business on November 30, 2017: As of the close of business on November 30, 2017, any packs of cigarettes, including those in cartons, held by a cigarette dealer or distributor that have an old cigarette tax stamp attached to them, are subject to a tax (known as a floor tax). The floor tax is the difference between the old cigarette tax rate and the new cigarette tax rate.

Following are frequently asked questions from dealers and distributors related to the calculation and payment of such floor tax:

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

You must take an inventory as of the close of business on November 30, 2017. If your business does not close by 11:59 p.m. on November 30, 2017, you must take the cigarette inventory as of 11:59 p.m. on November 30, 2017.

The inventory must include a physical count of all packs of cigarettes, including those in cartons that have an old cigarette tax stamp attached. This inventory must also include promotional packs of cigarettes that have an old cigarette tax stamp attached. You must enter this information on 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.)

2. Am I required to affix floor tax stamps or otherwise mark packs of cigarettes in inventory as of the close of business on November 30, 2017?

No. You are not required to affix floor tax stamps or otherwise mark packs of cigarettes in your inventory as of the close of business on November 30, 2017.

3. What if I have packs of cigarettes in inventory at the close of business on November 30, 2017, that have new cigarette tax stamps already attached?

Do not include in your inventory any packs of cigarettes that have a new cigarette tax stamp attached.

4. When do I file Form FT-TFT?

For this floor tax, you must file the original Form FT-TFT and pay the tax to DRS no later than December 15, 2017. You must file Form FT-TFT whether or not you have packs 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 December 15, 2017, your license may not be renewed.

You must keep a copy of the signed Form FT-TFT on your premises for inspection by DRS agents.

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

You must pay this floor tax on or before December 15, 2017.

Make your check payable to **Commissioner of Revenue Services** and remit the tax with Form FT-TFT on or before December 15, 2017, for the tax due on inventory as of the close of business on November 30, 2017.

This floor tax may **not** be filed or paid electronically.

Mail your payment and completed Form FT-TFT to:

DEPT OF REVENUE SERVICES  
ATTN: PROCESSING-CIG FLOOR TAX  
PO Box 2938  
Hartford CT 06104-2938

If you fail to pay the floor tax, your license may not be renewed.

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

DRS audit and enforcement personnel will be out in force to verify that you correctly accounted for the inventory of packs of cigarettes, including those in cartons that have old cigarette tax stamps attached as of the close of business on November 30, 2017.

If you fail to report and pay the correct amount of floor tax, you will be subject to penalty and interest. Willfully delivering a false return to DRS is a class D felony, and is punishable by 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 the due date of December 15, 2017, DRS will estimate the number of packs of cigarettes in inventory as of the close of business on November 30, 2017. 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 MSA Tobacco Enforcement Unit at **860-541-7565**.

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## Information for Stamping Distributors (Stampers)

**Returning old cigarette tax stamps:** To return unaffixed cigarette tax stamps symbolizing the old tax rate, you must use **Form O-252, Order Form for Connecticut Cigarette Tax Stamps** (Rev. 12/16). Check the appropriate box marked “credit” or “refund” on the invoice and enter the negative quantity in the appropriate field.

Please contact Bonnie Pinchera at 860-297-4895 to schedule appointments to return unused old cigarette tax stamps. These appointments, along with the return of the old cigarette tax stamps will be conducted only at DRS main office in Hartford.

**Retaining old cigarette tax stamps:** If you do not want to return old cigarette tax stamps for a credit, you must account for any unaffixed cigarette tax stamps symbolizing

the old tax rate by using Form FT-TFT, *Floor Tax Form for Cigarette Tax*. You must follow the instructions for the form, sign the report, and pay the floor tax on such stamps. (See *Question 5* for information on filing the report.)

**Purchase of new cigarette tax stamps:** Before December 1, 2017, stampers must use Form O-252 (Rev. 12/16) to purchase new cigarette tax stamps. For packs of 20 cigarettes, use Line 5 to enter the quantity (multiples of 150 or 30,000) and the unit cost of \$4.35. For packs of 25 cigarettes, use Line 6 to enter the quantity (multiples of 100) and the unit cost of \$5.437. On or after December 1, 2017, stampers must use Form O-252 (Rev. 11/17) to purchase new cigarette tax stamps.

Following are frequently asked questions from stampers related to purchases of old and new cigarette tax stamps:

### 1. When will the new cigarette tax stamps be available for purchase?

For the December 1, 2017, cigarette tax increase, new cigarette tax stamps will be available for purchase on November 29, 2017.

### 2. How long will the old cigarette tax stamps be available for purchase?

DRS will continue to sell old cigarette tax stamps through November 28, 2017.

### 3. Will the monthly reports for distributors be revised?

Yes. The following reports will be revised:

#### Resident Distributors

**CT-15 Monthly Tax Stamp and Cigarette Report Resident Distributor**

**CT-31 Cigarette and Unaffixed Stamp Inventory Report for Resident Distributors**

**CT-39 Record of Cigarette Stamps Purchased Resident Distributor**

#### Nonresident Distributors

**CT-15A Monthly Tax Stamp and Cigarette Report Nonresident Distributor**

**CT-31A Cigarette and Unaffixed Stamp Inventory Report for Nonresident Distributors**

**CT-38 Record of Cigarette Stamps Purchased Nonresident Distributor**

### 4. Should stampers increase the amount of their surety bonds?

Typically, yes. Due to the cigarette tax increase, each stamper should consider increasing the amount of its surety bond. In general, a stamper’s purchases of cigarette tax stamps on credit may not exceed the amount of the stamper’s surety bond.

## **Tobacco Products Tax Increase**

**December 1, 2017, Tobacco Products Tax Rate Increase:** On December 1, 2017, the tax rate on “snuff tobacco products” will increase from \$1.00 per ounce to \$3.00 per ounce and a proportionate tax at a like rate on all fractional parts of an ounce. The tax on snuff tobacco products must be computed on the net weight as listed by the manufacturer. For example, if a snuff tobacco product is sold in a container that lists its net weight as 1.2 ounces, the tax will be \$3.60 (\$3.00 for one ounce plus 60¢ for the additional .2 ounce).

**No Floor Tax on Tobacco Products in Inventory:** There is no floor tax related to the Tobacco Products Tax increase on snuff tobacco products.

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### **Reduction of Cigarette Tax and Tobacco Products Tax for a Product Designated by the FDA as a “Modified Risk Tobacco Product”**

**Cigarette Tax:** Effective December 1, 2017, and applicable to sales occurring on or after December 1, 2017, there is a 50% reduction of the tax imposed on cigarettes held for sale in this state by any person, for any product that the Secretary of the United States Department of Health and Human Services has determined to be a “modified risk tobacco product” pursuant to 21 U.S.C. § 387k, as amended from time to time.

**Tobacco Products Tax:** Effective December 1, 2017, and applicable to sales occurring on or after December 1, 2017, there is a 50% reduction of the tax imposed on tobacco products manufactured, purchased, imported, received, or acquired in Connecticut, for any product that the Secretary of the United States Department of Health and Human Services has determined to be a “modified risk tobacco product” pursuant to 21 U.S.C. § 387k, as amended from time to time.

The determination on whether a product qualifies as a “modified risk tobacco product” can only be made by the United States Food and Drug Administration (FDA), an agency within the United States Department of Health and Human Services. For further information regarding modified risk tobacco products, please visit:

**<https://www.fda.gov/TobaccoProducts/Labeling/TobaccoProductReviewEvaluation/ucm304465.htm>**

If you are in possession of or are selling a product that has been approved by the FDA as a modified risk tobacco product, as described above, please contact DRS at 860-541-3224.

**Statutory Authority:** Conn. Gen. Stat. §12-296, as amended by Public Acts 2017, No. 17-2 (June Spec. Sess.), §628, Conn. Gen. Stat. §12-316, as amended by Public Acts 2017, No. 17-2 (June Spec. Sess.), §629. Public Acts 2017, No. 17-2 (June Spec. Sess.), §630, Conn. Gen. Stat. §12-330c, as amended by Public Acts 2017, No. 17-2 (June Spec. Sess.), §631.

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**Effect on Other Documents:** None

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**Effect of This Document:** A Special Notice 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 an informal interpretation of Connecticut tax law by the DRS.

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**For Further Information:** Call the Excise Taxes Unit of the Audit Division of the DRS at **860-541-3224** during business hours, Monday through Friday, 8:30 a.m. to 4:30 p.m.

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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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**DRS E-alerts Email Service:** Get connected to the latest DRS news including new legislation, policies, press releases, and more. Visit the DRS website at **[www.ct.gov/DRS](http://www.ct.gov/DRS)** and select *Sign up for e-alerts* under *How Do I?* on the gold navigation bar.