



INFORMATIONAL PUBLICATION

**Guide to Connecticut Cigarette Tax Laws and Other
Cigarette-Related Laws for Persons Operating and Servicing
Fewer Than 25 Cigarette Vending Machines**

Purpose: This Informational Publication describes what the requirements of Connecticut cigarette tax laws and other cigarette-related laws are for you as a person operating and servicing fewer than 25 cigarette vending machines.

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; and Conn. Gen. Stat. §53-344.

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.
- **Cigarette vending machine** means a machine used for the purpose of automatically merchandising packages of cigarettes through the insertion of the proper amount of currency placed therein by the purchaser. Cigarette vending machine includes a restricted cigarette vending machine.
- **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 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** includes a person operating and servicing fewer than 25 cigarette vending machines. (A person operating and servicing 25 or more cigarette vending machines is required to be issued a cigarette distributor's license by DRS.)
- **Licensed cigarette distributor** means a person issued a cigarette 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.
- **Restricted cigarette vending machine** means a machine used for the dispensing of packages of cigarettes which automatically deactivates after each individual sale, cannot be left operable after a sale, and requires, prior to each individual sale, a face-to-face interaction or display of identification between an employee of the area, facility, or business where the machine is located and the purchaser.

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

Cigarettes: A Connecticut cigarette dealer's license permits you to make retail sales of cigarettes in Connecticut from cigarette vending machines that you are operating and servicing. Without a

Connecticut cigarette dealer's license, you could not lawfully make retail sales of cigarettes in Connecticut. You must purchase your cigarette inventory only from licensed cigarette distributors (and are prohibited from purchasing your cigarette inventory from anyone other than a licensed cigarette distributor). (To view a list of licensed cigarette distributors, see *Where do I get the information I need* below.) However, 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 have Connecticut cigarette tax stamps attached to them. (If the packages either have no Connecticut cigarette tax stamps attached to them, or have the cigarette tax stamps of other states attached to them, or if the Connecticut cigarette tax stamps do not look genuine, see *How do I report suspected violations by other licensed cigarette dealers or by licensed cigarette distributors to DRS?* for further instructions.) You are prohibited from purchasing or selling packages of cigarettes that do not have Connecticut cigarette tax stamps attached to them.
- Each package of cigarettes must contain not less than 20 cigarettes. You are prohibited from purchasing or selling packages of cigarettes containing less than 20 cigarettes.
- Each package of cigarettes must bear the Surgeon General's warning. You are prohibited from purchasing or selling packages of cigarettes that do not bear the Surgeon General's warning.
- 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 are prohibited from purchasing or selling 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* below.) You are prohibited from purchasing or selling packages of cigarettes that are 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 mentioned above, your retail sales of cigarettes are subject to one additional condition:

- You must not purchase or sell cigarettes below cost.

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

You are required to:

- Place your cigarette vending machines or restricted cigarette vending machines only where they are allowed to be placed. (See *Where may I place my cigarette vending machines or restricted cigarette vending machines?* below.)
- Place and maintain in legible condition on the front of each cigarette vending machine a notice that states:
 - That sale giving or delivering of cigarettes to any person under the age of 18 is prohibited by Conn. Gen. Stat. §53-344;
 - That purchase or misrepresentation of age by a person under the age of 18 to purchase cigarettes is prohibited by Conn. Gen. Stat. §53-344;
 - That civil penalties and criminal fines for violating Conn. Gen. Stat. §§12-295a and 53-344;
 - Report, by mailing, faxing, or e-mailing **Form OR-318, Cigarette Vending Machine Location Change**, to DRS, any change in location of a registered cigarette vending machine, removal from service of a registered cigarette vending machine, or placement of an unregistered cigarette vending machine no later than 30 days after such change, removal, or placement. For this purpose, a **registered cigarette vending machine** is a cigarette vending machine for which a cigarette vending machine license has been issued by DRS, and an **unregistered cigarette vending machine** is a cigarette vending machine for which no cigarette vending machine license has been issued by DRS; and
 - Obtain a separate cigarette vending machine license for each cigarette vending machine you operate and service in Connecticut. (See are there other conditions that apply to my operation and servicing of cigarette vending machines?)

As a Licensed Cigarette Dealer, may I distribute sample cigarettes?

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

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

A cigarette dealer's license is an annual license and expires on September 30. To renew your cigarette dealer'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 \$25.

What records am I required to maintain?

You are required to keep a journal that shows the stocking or re-stocking (by package, date, and machine) of your cigarette vending machines, a purchases journal that shows your daily purchases (by package) 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, the cost to you of the cigarettes, and whether or not you were allowed a trade discount other than a cash discount. You are required to preserve 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 (such as packages of cigarettes that either have no Connecticut cigarette tax stamps attached to them or that have the tax stamps of other states attached to them), DRS agents will seize those cigarettes as contraband. For more information on cigarettes you are prohibited from selling, see *What does a cigarette dealer'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 the 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 dealers are prohibited from doing?

- If you fail to post notice concerning sales of cigarettes to persons under the age of 18, you are subject to a criminal fine of not more than \$100. For a description of the notice required to be posted, see *As a licensed cigarette dealer, what am I required to do.*
- If you sell cigarettes without a cigarette dealer'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 place a cigarette vending machine or a restricted cigarette vending machine in any area, facility, or business where a machine is not allowed to be placed, you are subject to a civil penalty of \$250 for the first violation, \$500 for a second violation within 18 months, and \$500 for a third violation within 18 months. For more information, see *Where may I place my cigarette vending machines or restricted cigarette vending machines.*
- If you sell, offer for sale, display for sale, or possess with intent to sell any cigarettes you are prohibited from selling, 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 dealer'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, 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 and imprisoned.

In addition to the criminal sanctions for the offenses mentioned above, your cigarette dealer'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 dealers or by licensed cigarette distributors to DRS?

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

Where may I place my cigarette vending machines or restricted cigarette vending machines?

Cigarette vending machines: You may place your cigarette vending machine(s) only:

- In an area, facility, or business that is accessible only to persons 18 years of age or older, or
- In an area, facility, or business for which a liquor permit has been issued under the Liquor Control Act; Conn. Gen. Stat. §30-1 et seq., if the area, facility, or business has a separate area accessible only to persons 18 years of age or older and the machine is placed in that area.

Restricted cigarette vending machines: You may place your restricted cigarette vending machine(s) only in an area, facility, or business not frequented primarily by persons under the age of 18.

Are there other conditions that apply to my operation and servicing of cigarette vending machines?

Yes. A separate cigarette vending machine license is required for *each* cigarette vending machine you operate and service in Connecticut. A cigarette vending machine license is in addition to, and not in lieu of, the cigarette dealer's license you are required to obtain. You are required to keep the cigarette vending machine license affixed (in a conspicuous place) to the cigarette vending machine for which the license is issued. A cigarette vending machine license is an annual license and expires on September 30. To renew your vending machine licenses, you must file the application for renewal (Form REG-9), which is automatically mailed to you by DRS before your current vending machine licenses expire. There is no fee to apply for or to renew a cigarette vending machine license.

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 dealers;
 - A list of licensed cigarette distributors; **and**
 - The Connecticut Tobacco Directory.
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What forms am I required to file?

As a licensed cigarette dealer, you are generally not required to file any cigarette tax forms with DRS. However, you are required to file an application to renew your cigarette dealer's license and your cigarette vending machine license(s). This application (Form REG-9) will automatically be sent to you for your completion.

Effect on Other Documents: None affected.

Effect of This Document: An Informational Publication issued by the Department of Revenue Services (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 **860-297-4753** (from anywhere), or **1-800-382-9463** (Connecticut calls outside the Greater Hartford calling area only) and select **Option 2** from a touch-tone phone.

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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