



STATE OF CONNECTICUT  
DEPARTMENT OF REVENUE SERVICES

**SN 2003(18)**

25 Sigourney Street  
Hartford CT 06106-5032

**SPECIAL NOTICE**

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## 2003 Legislation Affecting the Cigarette Taxes and the Tobacco Products Tax

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**Purpose:** This Special Notice discusses 2003 legislation affecting the cigarette taxes and the tobacco products tax.

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**Effective Date:** As indicated below.

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**Statutory Authority:** Conn. Gen. Stat. §12-285, as amended by 2003 Conn. Pub. Acts 225, §3; Conn. Gen. Stat. §12-292, as amended by 2003 Conn. Pub. Acts 225, §4; Conn. Gen. Stat. §12-294, as amended by 2003 Conn. Pub. Acts 225, §5; Conn. Gen. Stat. §12-296, as amended by 2003 Conn. Pub. Acts 2, §29; Conn. Gen. Stat. §12-316, as amended by 2003 Conn. Pub. Acts 2, §30; 2003 Conn. Pub. Acts 2, §31; and 2003 Conn. Pub. Acts 271.

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**Roll-your-own Tobacco Subject to the Tobacco Products Tax, and Not to Cigarette Taxes:** 2003 Conn. Pub. Acts 225, §§3 and 6, amending Conn. Gen. Stat. §§12-285 and 12-330a, respectively, repeal retroactively legislation that would have subjected roll-your-own tobacco to cigarette taxes, and not to tobacco products tax. (That now-repealed legislation had been discussed in **Announcement 2001(11)**, *Implementation of Roll-Your-Own Tobacco Legislation Delayed*.) Effective January 1, 2002, roll-your-own tobacco remains subject to the tobacco products tax, and not to cigarette taxes. **Roll-your-own tobacco** means any tobacco which, because of its appearance, type, packaging, or labeling, is suitable for use and likely to be offered to, or purchased by, consumers as tobacco for making cigarettes.

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**Written Advertisements to Include Contraband Warning in 14 Point Reverse Type in Block Form:** Effective July 1, 2003, any written advertisements in Connecticut for the sale of untaxed cigarettes for use and consumption in this state must contain the following words in not less than 14

point reverse type in block form: “**These cigarettes are subject to the payment of the Connecticut cigarette use tax and the Connecticut use tax and may be subject to seizure as contraband goods.**” However, the sale of cigarettes to be shipped or transported to any person in Connecticut is now prohibited unless the person is a lawful recipient. See *New Restrictions on Selling Cigarettes to Be Shipped or Transported to Persons in Connecticut* below.

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**New Restrictions on Selling Cigarettes to Be Shipped or Transported to Persons in Connecticut:** Effective July 1, 2003, persons engaged in the business of selling cigarettes are prohibited from shipping or transporting those cigarettes (or causing those cigarettes to be shipped or transported) to any person in Connecticut unless the person is a lawful recipient, as defined in **AN 2003(12)**, *New Restrictions on Selling Cigarettes to Be Shipped or Transported to Persons in Connecticut*. Effective July 1, 2003, all persons (including common and contract carriers) are prohibited from transporting cigarettes to any residential dwelling in Connecticut or to any person in Connecticut unless the person is a lawful recipient, as defined in **AN 2003(11)**, *New Restrictions on Transporting Cigarettes to Persons in Connecticut*.

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**Cigarette Taxes Increased:** Effective March 15, 2003, the cigarette tax on a package of cigarettes increased to \$1.51 (\$1.8875 for packages of 25s). There was also a floor tax imposed on those packages of cigarettes, including those in cartons, that distributors and dealers had in inventory as of the close of business on March 14, 2003, and that had the old cigarette tax stamp attached to them. For more information, see **Informational Publication 2003(7)**, *Q&A on the Cigarette Tax Increase That Is Effective March 15, 2003, for Licensed Cigarette Dealers*, and **Informational Publication 2003(8)**, *Q&A on the Cigarette Tax Increase That Is Effective March 15, 2003, for Licensed Cigarette Distributors*.

**Tobacco Product Manufacturers to Obtain Annual License From DRS:** As used in this part:

- **Tobacco product manufacturer** means a tobacco product manufacturer, as defined in Conn. Gen. Stat. §4-28h, and
- **Master Settlement Agreement** means the Master Settlement Agreement, as defined in Conn. Gen. Stat. §4-28h.

**Effective October 1, 2004**, every tobacco product manufacturer selling cigarettes to consumers within Connecticut, whether directly or through a distributor, dealer, or similar intermediary or intermediaries, will apply for and secure a cigarette manufacturer's license from DRS. The cigarette manufacturer's license will be renewable annually and will expire on the thirtieth day of September. The annual cigarette manufacturer's license fee will be \$5,000. DRS will not issue or reissue a cigarette manufacturer's license to any applicant if the applicant:

- Is neither a participating manufacturer, as defined in Subsection II(jj) of the Master Settlement Agreement, nor in full compliance with Conn. Gen. Stat. §4-28i;
- Has imported cigarettes into the United States in violation of 19 U.S.C. §1681a, or
- Has imported or manufactured cigarettes that do not fully comply with the Federal Cigarette Labeling and Advertising Act, 15 U.S.C. §1131 et seq.

DRS will issue an Announcement to provide information about the application process as the **October 1, 2004**, effective date approaches.

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**Successor Liability Imposed Where Distributor Sells Out the Business or Stock or Goods or Quits the Business:**

Effective July 1, 2003, if any licensed distributor sells out his or her business or stock of goods or quits the business, the distributor's successor is required to withhold a sufficient amount of the purchase price to pay the cigarette tax liability of the distributor (predecessor) until the predecessor provides to the successor a receipt from DRS showing that the predecessor's cigarette tax liability has been paid or a certificate from DRS stating that no amount is due from the predecessor. Any successor failing to withhold a sufficient amount of the purchase price as required will be personally liable for the payment of the amount required to be withheld by the successor.

DRS will issue an Informational Publication concerning this successor liability provision in the near future.

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

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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 DRS.

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**For Further Information on the Cigarette Taxes and the Tobacco Products Tax:** For further information on the cigarette taxes and the tobacco products tax, call the Excise Taxes Unit at **860-541-3224**, Monday through Friday, 8:00 a.m. to 5:00 p.m.

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**For Further Information:** Call DRS during business hours, Monday through Friday:

- **1-800-382-9463** (in-state), 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:** Forms and publications are available anytime by:

- **Internet:** Preview and download forms and publications from the DRS Web site at **www.ct.gov/DRS**
- **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** (in-state) and select **Option 2** from a touch-tone phone.

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**Paperless Filing Methods (fast, easy, free, and confidential):**

- **For business returns:** Use *Fast-File* to file sales and use taxes, business use tax, room occupancy tax, or withholding tax returns over the Internet or telephone. Visit the DRS Web site at **www.ct.gov/DRS** and click on *File Returns On-Line* or call **860-947-1988**.
- **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 Returns On-Line*.