



25 Sigourney Street  
Hartford CT 06106-5032

INFORMATIONAL PUBLICATION

**Q & A on the Cigarette Tax Increase That Is Effective March 15, 2003, for Licensed Cigarette Dealers**

**Purpose:** This Informational Publication describes recently enacted legislation increasing the cigarette tax rate effective March 15, 2003. The legislation also imposes a tax, as of the close of business on March 14, 2003, 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:** March 15, 2003.

**Statutory Authority:** Conn. Gen. Stat. §§12-296 and 12-316, as amended by 2003 House Bill No. 6495, §§29 and 30; and §31 of the same bill.

**Tax Rate Increase:** The cigarette tax rate will increase from 55.5 mills to 75.5 mills per cigarette on March 15, 2003.

	<b>Tax before 3-15-2003</b>	<b>Tax on or after 3-15-2003</b>
<b>Packages</b>		
20 cigarettes per package	\$1.11	\$1.51
25 cigarettes per package	1.3875	1.8875
<b>Cartons</b>		
5 packs per carton (20s)	\$5.55	\$7.55
10 packs per carton (20s)	11.10	15.10
8 packs per carton (25s)	11.10	15.10
10 packs per carton (25s)	13.875	18.875

**Tax on Cigarette Inventory as of Close of Business on March 14, 2003:** As of the close of business on March 14, 2003, 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 March 14, 2003:* If your business closes after 11:59 p.m. on March 14, 2003, you must take the cigarette inventory as of 11:59 p.m. on March 14, 2003.

**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 March 14, 2003. 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 form **AU-930, Cigarette Inventory Report**, and sign the report. (See Question 4 for information on filing the report.)

*Old cigarette tax stamp* means either a green \$1.11 Connecticut cigarette tax stamp (for packages of 20 cigarettes) or a blue \$1.3875 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 March 14, 2003?**

No, you **are not required** to purchase and affix floor tax stamps to packages of cigarettes in your inventory as of the close of business on March 14, 2003.

**3. What if I have packages of cigarettes in inventory at the close of business on March 14, 2003, 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 purple \$1.51 Connecticut cigarette tax stamp (for packages of 20 cigarettes) or a tan \$1.8875 Connecticut cigarette tax stamp (for packages of 25 cigarettes).

#### 4. When do I file form AU-930?

You must complete and sign form **AU-930** as of the close of business on March 14, 2003, and keep a copy of the signed form **AU-930** on your premises for inspection by Department of Revenue Services (DRS) agents.

You must file the original form **AU-930** and pay the tax to DRS no later than April 15, 2003. You must file form **AU-930** whether or not you have packages of cigarettes in your inventory that have old cigarette tax stamps attached. If you fail to file form **AU-930** with DRS on or before April 15, 2003, your dealer's license may be revoked.

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

You must pay the floor tax on or before April 15, 2003, on each package of cigarettes, including those in cartons, that you have in inventory as of the close of business on March 14, 2003, and that have an old cigarette tax stamp attached. If you fail to pay the floor tax, your dealer's license may be revoked.

Make your check payable to **Commissioner of Revenue Services** and remit the tax with form **AU-930** on or before April 15, 2003. Mail your payment and form **AU-930** to:

Department of Revenue Services  
PO Box 2997  
Hartford CT 06104-2997

#### 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 March 14, 2003. 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, or imprisonment for not more than five years, or both.

#### 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, 8:00 a.m. to 5:00 p.m.

**Effect of This Document:** An Informational Publication is a document issued by DRS that 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 on the Cigarette Tax Increase and the Floor Tax:** Please call DRS during business hours, Monday through Friday, at **860-541-3225**, or visit the DRS Web site at **www.drs.state.ct.us** and click on Cigarette Tax Increase.

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**For Further Information:** Please 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 24 hours a day by calling 860-297-4911.

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**Forms and Publications:** Forms and publications are available all day, seven days a week:

- **Internet:** Preview and download forms and publications from the DRS Web site: **www.drs.state.ct.us**
- **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 electronically 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.drs.state.ct.us** and click on *Fast-File Program*.
- **For resident income tax returns:** Use *WebFile* to file personal income tax returns over the Internet. Visit the DRS Web site at: **www.drs.state.ct.us** and click on *File Tax Returns On-Line*.

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