

FYI – For Your Information

Cigarette and Tobacco Product Information for Retailers

Cigarette or Tobacco Products Retailer Definition

A cigarette or tobacco products retailer purchases tax-paid cigarettes or tobacco products from a licensed Colorado wholesaler for resale to the end consumer.

Retailer Licensing Requirements

A retailer is not required to obtain a cigarette license to sell cigarettes in their business establishment to consumers. However, the retailer is required to have a valid Colorado sales tax license.

The term “wholesaler” and “distributor” are used interchangeably in this FYI and are synonymous.

Tax on Cigarettes

The cigarette tax in Colorado is 4.2 cents per cigarette and is represented by a \$.84 or \$1.05 stamp depending on the number of cigarettes in the pack. The tax stamp is affixed on each pack of cigarettes by the wholesaler and indicates that all applicable taxes have been paid.

Beginning July 1, 2009 retailers will charge the 2.9 percent state sales tax on all retail sales of cigarettes. All sales of cigarettes continue to be exempt from Colorado local and special district sales taxes.

Cigarette Purchasing & Licensing

To purchase stamped cigarettes for resale to the consumer from a licensed wholesaler, a retailer is required to provide a copy of their retail sales tax license to the wholesaler. [§39-28-102 and §39-28-102.5, C.R.S.].

Licensing Required: A cigarette wholesale subcontractor license required if a retailer purchases stamped cigarettes from a licensed Colorado wholesaler for resale to a retailer in Colorado. For more information about the Cigarette Wholesale Subcontractor license; see FYI Excise 16 "Cigarette Distributors-General Information."

Tax on Tobacco Products

By definition, a tobacco product is any tobacco product other than a cigarette. All retail sales of tobacco products are subject to the 2.9 percent state sales tax as well as any applicable local and special district sales taxes. See DR 1002 “Colorado Sales/UseTax Rates,” located on the Web at www.taxcolorado.com or visit the “Colorado Sales Tax Information System” at www.taxview.state.co.us for additional information.



Colorado Department
of Revenue
Taxpayer Service Division
1375 Sherman St.
Denver, Colorado 80261

Forms and other services:
(303) 238-FAST (3278)
Assistance:
(303) 238-SERV (7378)

www.taxcolorado.com

Tobacco Products Purchasing & Licensing

To purchase tax-paid tobacco products for resale to the consumer from a licensed wholesaler, the retailer is required to provide a copy of their retail sales tax license to the wholesaler. [§39-28-104 and §39-28.5-104.5, C.R.S.] The tobacco products retailer is also required to keep complete records showing that tobacco products received were purchased from a licensed distributor. [§39-28.5-105(4)(a)]

Licensing Required: A Tobacco Products license is required if a retailer is the first to receive tobacco in the state on which excise tax has not been paid.

- **Example:** A retailer would like to offer a special line of cigars and pipe tobacco. The products are not offered by a licensed Colorado wholesaler. The retailer must obtain a Tobacco Products license and will be responsible for remitting the 40 percent excise tax to the Department of Revenue. The retailer is then considered a tobacco products wholesaler or distributor by the department even though their primary business is a retail establishment.

A Tobacco Wholesale Subcontractor's license is required if a retailer purchases tobacco products from a licensed Colorado wholesaler for resale to a retailer in Colorado. For more information about the tobacco products license or the tobacco wholesale subcontractor's license; see FYI Excise 17 Tobacco Products Distributors-General Information.

If a retailer discovers that the tobacco product purchased was not tax-paid, the retailer is responsible for paying the excise tax. Retailers must file a form DR 0225 within thirty (30) days of receipt of the untaxed product.

RELATED INFORMATION

Sales to Minors

The sale of cigarettes or other tobacco products to a person under the age of 18 is strictly prohibited and enforced. [§24-35-503 and §18-13-121, C.R.S.]

To report non-compliance or for more information, contact the Liquor Division's Tobacco Enforcement Unit. Necessary information such as sign requirements, compliance issues and fines can be found on the Web at www.colorado.gov/rev-enue/liquor or call (303) 205-2300.

Prohibited Products:

Cigarette products prohibited for distribution in Colorado are:

- Cigarettes marked "for distribution outside the USA".
- Single cigarettes (sticks).
- Cigarettes in packs containing less than 20 sticks. (39-28-104.5 C.R.S.)
- Cigarette brands not listed on the Certified Brand Directory (CBD). The Certified Brand Directory can be found at www.taxcolorado.com in the cigarette and tobacco business section. (§39-28-303(3), C.R.S.)

When to contact the distributor

Retailers of cigarette and tobacco products should contact their distributor if:

- they receive unstamped packs of cigarettes, or
- the packs of cigarettes bear the cigarette tax stamp of a state other than Colorado.

When to contact the Department of Revenue

Retailers should contact the Colorado Department of Revenue when:

- they receive unstamped cigarettes or cigarettes stamped for another state from their wholesaler and the wholesaler does not promptly take corrective action. The product should be replaced with product bearing the Colorado cigarette tax stamp.
- a wholesaler sells stamped cigarettes that reflect "not for distribution within the USA" or similar language.
- they have questions about the Colorado Certified Brands Directory.
- they have questions regarding sales to minors.

How to Contact The Department of Revenue:

Liquor/Tobacco Enforcement Division
Retailers should contact the Tobacco Enforcement Unit at 303-205-2305.

Excise Tax Accounting Section
303-205-8211, extension 6879 or 6848.

Other Cigarette and Tobacco FYIs

FYI Excise 16 "Cigarette Distributors – General Information"

FYI Excise 17 "Tobacco Products Distributors- General Information"

FYI Excise 18 "Master Tobacco Settlement Agreement – General Information"

FYI Excise 19 "Credit for Taxes Paid on Cigarettes or Other Tobacco Products That Are Bad Debts"

FURTHER INFORMATION

FYIs and commonly used tax forms are available on the Web at www.taxcolorado.com

FYIs provide general information concerning a variety of Colorado tax topics in simple and straightforward language. Although the FYIs represent a good faith effort to provide accurate and complete tax information, the information is not binding on the Colorado Department of Revenue, nor does it replace, alter, or supersede Colorado law and regulations. The Executive Director, who by statute is the only person having authority to bind the Department, has not formally reviewed and/or approved these FYIs.