

FYI – For Your Information

Cigarette and Tobacco Product Information for Retailers

GENERAL INFORMATION

Tax on Cigarettes

The cigarette tax in Colorado is one cent per cigarette and is represented by a 20 or 25 cent stamp depending on the number of cigarettes in the pack. The tax stamp placed on each pack of cigarettes by the wholesaler shows that all applicable taxes were paid on cigarettes that were purchased.

Cigarettes are exempt from Colorado's 2.9 percent state sales tax and any local or special district sales tax.

Cigarette Licensing

To purchase cigarettes for resale from a licensed wholesaler, a retailer is required to supply a copy of their retail sales tax license to the wholesaler. [C.R.S. 39-28.5-104].

A "cigarette" license is not required by retailers to **sell** cigarettes in their business establishment.

Tax on Tobacco Products

By definition, a tobacco product is any tobacco product other than a cigarette. All sales of tobacco products sold by a retailer in Colorado are subject to the 2.9 percent state sales tax as well as any applicable local or special district taxes. See DRP 1002 "Colorado Sales and Use Tax Rates" located on the Web at: www.taxcolorado.com

Tobacco Products Licensing

To purchase tobacco products for resale from a licensed wholesaler, a copy of the retailer's current retail sales tax license is required.

EXCEPTION: If a retailer is the first to receive tobacco in the state, that retailer is required to obtain a Tobacco Products License.

- 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 20 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.

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. [C.R.S. 24-35-503 and 18-13-121].



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)
Fuel Tax: (303) 205-5602
www.taxcolorado.com

The Liquor Division's Tobacco Enforcement Unit should be contacted directly or you may access necessary information such as sign requirements, compliance issues and fines on the Web at www.taxcolorado.com/liquor_dir/liquor.html

Prohibited Products:

It is unlawful in Colorado to sell:

- individual cigarettes or cigarettes in packs of less than 20. [C.R.S. 39-28-104.5].
- cigarettes marked "not for distribution within the USA."

These cigarettes are considered "grey" market.

When to contact a distributor

Retailers of cigarette and tobacco tax 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.

The distribution of unstamped packs of cigarettes in Colorado is strictly prohibited and the unstamped packs are subject to confiscation. [Reg. 39-28-107].

When to contact the Department of Revenue

Retailers should contact the Department of Revenue if:

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

How to contact the Department of Revenue:

Business Tax Accounting Section
303-205-8211, Extension 6860 or 6858.

Liquor Division
Tobacco Enforcement Unit
303-205-2302

FURTHER INFORMATION

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

For additional tax information, visit our Customer Support Site for "*Frequently Asked Questions*," also located on the Web.