Tobacco Distributors: 2005 Legislative Changes

Mandatory Electronic Payment (EFT)

Tax payments must be made by EFT (electronic funds transfer). You will be required to make your third quarter tobacco products tax payment due on October 20, 2005 by EFT. An application Form DR 5785 "Authorization for Electronic Funds Transfer" is available on our Cigarette and Tobacco Tax Forms and Information Web page.

License Renewal/New Licensing Requirement

New licensed wholesalers or renewed licenses must:

- Not owe the state any delinquent taxes administered by the Department of Revenue. Current law states that the wholesaler must not be delinquent in the payment of a specific list of taxes.
- Obtain or have a current state sales tax license.

Distributing Subcontractors

Distributing subcontractors will be required to have a tobacco products license. A distributing subcontractor is defined as any person, firm, limited liability company, partnership, or corporation who purchases tobacco products from a distributor for resale to a retailer in this state.

Bad Debt Credit

Effective August 4, 2004, the Department of Revenue must provide a credit to wholesalers and distributors for taxes paid on cigarettes or other tobacco products that are bad debts. The credit is prohibited unless the bad debt has been charged off as uncollectible on the books of the wholesaler or distributor. The wholesaler or distributor will be required to repay the credit if payment for the bad debt is received after the wholesaler or distributor receives the credit.. The credit will be processed as a refund.

If you have questions, please call Jeanne Pletcher at (303) 205-8211, Ext 6848.

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