FYI Excise 15
Cigarette and Tobacco Product Information for Retailers

Cigarette or Tobacco Products Retailer Definition
A cigarette or tobacco products retailer who 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 excise tax in Colorado is 4.2 cents per cigarette and is represented by a $0.84 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 cigarette excise taxes have been paid.

Beginning July 1, 2009 retailers will charge the 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 and 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 is 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, please 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. The tobacco products excise tax in Colorado is 40% of the manufacturers invoiced price. All retail sales of tobacco products are subject to the state sales tax as well as any applicable local and special district sales taxes. For detailed information about local sales rates in cities and counties where the state collects the tax, see Revenue Online, *www.Colorado.gov/RevenueOnline*, click the Business button, and see the listing under BusinessServices. Or, see the publication Sales/Use Tax Rates (DR 1002).

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. A licensed Colorado wholesaler does not offer the products. The retailer must obtain a Tobacco Products license and will be responsible for remitting the 40% 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.

Untaxed tobacco products into Colorado by unlicensed persons and retailers.
Any person, firm, limited liability company, partnership, or corporation, without a Colorado tobacco tax license, who brings untaxed tobacco products into Colorado must file form DR 0225 and pay the excise tax on the tobacco product within 30 days of receiving the product. The form DR 0225 may be obtained by contacting the Excise Tax Accounting Section at (303) 205-8211 extension 6863 or 6848. Failure to pay the tobacco products tax within 30 days of receiving the product will result in a penalty of 500%

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 noncompliance 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 Tobacco Enforcement Unit Web site at www.Colorado.gov/revenue/liquor or by calling (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 on the Taxation Web site *www.TaxColorado.com* under Cigarette and Tobacco. [§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: 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

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 the authority to bind the Department, has not formally reviewed, and/or approved these FYIs.