

State of Rhode Island - Division of Taxation

Cigarette Tax

Regulation CIG 89-04

Purchasing and Applying Indicia

A. BY LICENSED DISTRIBUTORS OR DEALERS

Payment for indicia must be made at the time of purchase. However, if the purchaser wishes to use the provision for thirty (30) days' credit as provided by law, he or she must file a satisfactory surety bond with the Division of Taxation. The bond must be in an amount not less than the sale price of the indicia averaged over six (6) months' purchases and the bond must be written by a surety company authorized to do business in Rhode Island. A bond form will be supplied on request.

B. BY A NONRESIDENT

The tax administrator may grant a distributor's license to any person located outside Rhode Island who ships cigarettes into Rhode Island if the tax administrator feels that the collection of the cigarette tax will be facilitated. The nonresident must qualify under R.I.G.L. 44-20-1 as a distributor.

The licensed nonresident cigarette distributor is required to affix all indicia to the individual packages of cigarettes at the location for which the license is issued. The indicia must be affixed before the packages of cigarettes are shipped into Rhode Island. The licensed nonresident must also agree to comply with all other parts of the Rhode Island cigarette tax law. The nonresident distributors must also file a bond in the amount of \$1,000 to the tax administrator conditioned on compliance with all provisions of the law and regulations. The bond must be issued by a surety company licensed to do business in Rhode Island and must be in full force and effect for a period of one year and a day after the expiration of the bond unless a certificate is issued by the tax administrator to the effect that all taxes due the State have been paid. Cash will be accepted in lieu of a surety bond.

The licensed nonresident distributor must also agree in writing to submit his or her books, accounts and records to examination during reasonable business hours as well as appointing, in writing, the Secretary of State of the State of Rhode Island as his or her agent upon whom service of process may be made in any proceeding involving the administration of the cigarette tax law.

C. RETURNED CHECKS

In the event of returned checks, the tax administrator reserves the right to revoke the license of the distributor or dealer or to require that future payments must be made by certified check or money order.

D. LOANS AND TRANSFERS OF CIGARETTE TAX INDICIA

All licensed distributors purchasing indicia must maintain custody of the indicia. Indicia cannot be loaned or transferred to another licensee under any conditions whatsoever.

E. AFFIXING INDICIA

Each distributor must affix, or cause to be affixed, indicia to each individual package of cigarettes in the proper denomination. This process shall be in the manner the tax administrator may specify in accord with the provisions of the cigarette tax law (44-20). The indicia must be applied to each package of cigarettes sold or distributed and the indicia may be applied by the distributor at any time before the cigarettes are transferred out of the distributor's possession.

F. LOANS AND TRANSFERS OF UNSTAMPED CIGARETTES

Loans and transfers of unstamped cigarettes must be supported by invoices and must be made on an in-out basis. The recipient must show the cigarettes received on Schedule A of the distributor's monthly report and the transferring licensee must show the transaction on Schedule D of its distributor's monthly report. This procedure is mandatory even though the entire transaction is completed in one day.

R. GARY CLARK TAX ADMINISTRATOR

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