

State of Rhode Island - Division of Taxation

Cigarette Tax

Regulation CIG 89-09

Distribution of Sample Packages

The cigarette tax law defined the word "sale" or "sell" as including and applying to gifts, exchanges or barter.

In view of this definition, all sample packages of cigarettes are subject to the provisions of the law and regulations pertaining thereto.

A. DISTRIBUTION BY LICENSED DISTRIBUTORS

Licensed distributors in this state may receive and distribute sample packages under the following procedures:

1. The sample cigarettes must be delivered by the manufacturer directly to the distributor and an invoice rendered to the distributor showing the number of cigarettes shipped. The distributor will retain such invoice for inspection by the tax administrator.
2. The distributor will see that stamps of the proper denominations are affixed as hereinafter provided before the cigarettes leave his or her possession.
3. Stamps of the proper denomination shall be affixed to packages containing twenty (20) or more cigarettes. Stamps of the proper denomination shall be affixed to the carton containing packs of less than twenty (20) cigarettes. These packs shall be kept in the original stamped carton until distributed and the carton shall then be destroyed.

The distributor will be held strictly liable for any sample packages of cigarettes charged to the distributor's account either by themselves or their agents.

B. DISTRIBUTION BY MANUFACTURERS

Representatives of manufacturers may, when permission has been specifically granted by the tax administrator, distribute sample packs of cigarettes containing more than one, but not more than five cigarettes per pack without affixing Rhode Island tax stamps. All packages of cigarettes must bear an inscription to the effect that all applicable state taxes have been paid and cigarettes so distributed are not for sale.

Packages containing twenty (20) cigarettes may be distributed to stockholders of the cigarette manufacturer or brought into this state for testing purposes provided the tax administrator is notified of the names and addresses of the recipients.

Each manufacturer who has been granted such special permission to distribute unstamped cigarettes must certify each month the number of sample cigarettes imported into Rhode Island

and pay the tax due at the time of filing such certification.

R. GARY CLARK TAX ADMINISTRATOR

DATE FILED: December 6, 1989

EFFECTIVE DATE: December 31, 1989