



# *i*nformational

## *Bulletin*

Brian Hamer, Director

## **New Requirements for Little Cigars**

***To: Cigarette Tax Distributors,  
Cigarette Use Tax Distributors,  
Other Tobacco Products Distributors,  
Cigarette Manufacturers***

---

This bulletin is written to inform you of recent changes; it does not replace statutes, rules and regulations, or court decisions.

---

### **For information or forms**

Visit our website at:  
[tax.illinois.gov](http://tax.illinois.gov)

For questions about reporting requirements and return filing, call us at:  
**217 782-6045**

For registration and licensing questions, call us at:  
**217 558-7425**

---

Public Act 98-273, effective July 1, 2013, amends the Tobacco Products Tax Act to regulate and tax the products known as little cigars under that statute. The Tobacco Products Tax Act requires that certain packages of little cigars must be affixed with Illinois cigarette tax stamps before being sold at retail. Little cigars must be reported on a combined cigarette and little cigar tax return. The Act further clarifies who is authorized to affix the stamps to little cigar packages.

### **What is considered a “little cigar” in the Tobacco Products Tax Act?**

The Tobacco Products Tax Act defines a “little cigar” as any roll that is made in whole or in part of tobacco and has an integrated cellulose acetate filter, weighs less than 4 pounds per thousand, and has a wrapper or cover that also is made in whole or in part of tobacco.

### **Will the tax rate for little cigars change effective July 1, 2013?**

No, the Tobacco Products Tax Act imposes the tax on little cigars at the same rate that has been applied to little cigars since July 1, 2012.

### **What packages of little cigars require stamps?**

Any package of little cigars containing 20 or 25 sticks must be affixed with a cigarette tax stamp. The stamping must be performed by a “stamping distributor” in the same manner as a package of cigarettes under the Cigarette Tax Act and Cigarette Use Tax Act.

### **What packages of little cigars *do not* require stamps?**

Little cigars sold in packages containing quantities other than 20 or 25 sticks do not require stamps. Instead, a stamping distributor must pay the tax due on these little cigars using Form RC-55, Unstamped Little Cigar Sticks Tax Return.



### **I already stamp cigarettes or little cigars. Do I need to do anything more to act as a stamping distributor?**

Under the new law if you currently hold a distributor license under the Cigarette Tax Act or the Cigarette Use Tax Act **and** a distributor license under the Tobacco Products Tax Act, you are authorized to affix stamps to little cigar packages containing 20 or 25 sticks.

If you do not hold a distributor license for both cigarette tax or cigarette use tax and tobacco products tax, you will need to complete Form REG-1-C, available on the Illinois Department of Revenue's website at [tax.illinois.gov](http://tax.illinois.gov). We will send the appropriate registration certificate when it is approved. Once you hold both required licenses, you will be considered a "stamping distributor" and will be authorized to affix cigarette tax stamps to little cigar packages containing 20 or 25 sticks.

### **What documentation do I need to show that the tax has been paid on packages of little cigars that do not require tax stamps?**

For a package of little cigars that does not require a cigarette tax stamp (*i.e.*, sold in a quantity other than 20 or 25), the tax on the unstamped package of little cigars must be paid by a stamping distributor using Form RC-55, Unstamped Little Cigar Sticks Tax Return. A person offering such a package for sale in Illinois must be able to evidence the payment of tax or demonstrate that the sale should be tax-exempt.

The Tobacco Products Tax Act provides that every sales invoice issued by a stamping distributor for packages of little cigars not requiring a tax stamp must contain:

- the stamping distributor's license number under the Cigarette Tax Act or under the Cigarette Use Tax Act;
- the stamping distributor's license number under the Tobacco Products Tax Act; and
- a statement that the tax has been or will be paid or that the sale is exempt (if tax-exempt, the invoice must state which exemption is being claimed).

In the event of a sale for resale (*i.e.*, transfer to another stamping distributor, a distributor, or a wholesaler), the required information from the original stamping distributor's invoice must accompany the packages of little cigars.

### **What returns must a stamping distributor file?**

Stamping distributors must file the following:

- Form RC-6, Cigarette and Little Cigar Revenue Return, **or** Form RC-6-A, Out-of-State Cigarette and Little Cigar Revenue Return
- RC-55, Unstamped Little Cigar Sticks Tax Return
- Form TP-1, Tobacco Products Tax Return
- Form RC-25, Cigarette Importation Report
- Form RCS-36 Schedule CSM, Sales of Cigarettes and Little Cigars to Illinois Secondary Cigarette Distributors.

### **Will there be any changes to these forms?**

Public Act 98-273 required changes to the language of Forms RC-6, RC-6-A, RC-55, RC-25, and RCS-36, as well as their accompanying schedules to include little cigars. Forms RC-6 and RC-6-A are now combined cigarette and little cigar tax returns, but the overall structure of the forms remains unchanged.

We also have revised the form instructions for these returns to incorporate the new language. Effective immediately, you must use forms with a revision date of (R-07/13) in the lower left corner.

### **Can these returns and reports be filed electronically?**

You can file Forms RC-6, RC-6-A, TP-1, and RCS-36 Schedule CSM electronically for free on MyTax Illinois, available on the Department's website at [tax.illinois.gov](http://tax.illinois.gov).

Forms RC-25 and RC-55 currently cannot be filed electronically. They are available for download at [tax.illinois.gov](http://tax.illinois.gov).