

**New Hampshire Department of Revenue Administration  
45 Chenell Drive, Concord, NH 03301**

**TECHNICAL INFORMATION RELEASE  
TIR 2008-004 June 27, 2008**

A Technical Information Release is designed to provide immediate information regarding tax laws administered by the Department or the policy positions of the Department as a service to taxpayers and practitioners. A Technical Information Release represents the position of the Department on the limited issues discussed herein based on current law and Department interpretation. For the current status of any tax law, practitioners and taxpayers should consult the source documents (i.e., Revised Statutes Annotated, Rules, Case Law, Session Laws, etc.). Questions should be directed to Customer Service at (603) 271-2191.

The purpose of this information release is to alert Tobacco Tax licensees of a change in the tobacco tax law which subjects little cigars to the tobacco tax and the requirement that wholesalers stamp little cigars shipped on or after July 1, 2008. If you have any questions about this law change or the Department's interpretation, please call (603) 271-2191.

**COLLECTION OF TOBACCO TAX ON LITTLE CIGARS AT WHOLESALE LEVEL**

The Department is preparing to implement a law change that subjects little cigars to the tobacco tax (RSA 78). To assist tobacco product licensees, this information release explains the Department's plans to make the process administratively easier for everyone responsible for collecting the tax due with respect to this product.

The legislature has changed the definition of "cigarette" so that the sale of little cigars is subject to the tobacco tax at the same rate as cigarettes effective July 1, 2008. See HB 1309. Little cigars that contain tobacco, are wrapped in any substance containing tobacco, and weigh less than three pounds per thousand, are subject to the tobacco tax. The tax rate for each pack containing 20 little cigars is \$1.08 per pack. Wholesalers shall affix a "B" stamp to packages containing 20 little cigars per package. The rate for each pack containing 25 little cigars is \$1.35. Wholesalers shall affix an "A" stamp to packages containing 25 little cigars per package.

With respect to little cigars that are sold at the retail in packages containing quantities other than 20 or 25, e.g. packages of 10, 5, or 3, the sales of that product should be reported on the Smokeless Tobacco Return (Form DP-151) which the Department will revise to accommodate the reporting of the sales of little cigars. The tax due shall be proportional to the \$1.08 rate per packages of 20 cigarettes, which is \$0.054 per little cigar. Pursuant to RSA 78:7, the tax is imposed on the retail sale of packages of little cigars and does not apply to sales of individual little cigars by a retail store. Consequently, wholesalers do not need to report the sales to retailers of little cigars that are usually sold to consumers individually.

The change in the law will be effective July 1, 2008. To implement the law the Department requires that all little cigars in packages of 20 or 25 shipped by wholesalers on or after July 1, 2008 must be stamped. Little cigars shipped by wholesalers before July 1, 2008, but sold after July 1<sup>st</sup> by retailers, sub-jobbers, samplers and vending machine operators will not be required to remit any tax on unstamped little cigars. Retailers, sub-jobbers, samplers and vending machine operators are not required to inventory their unstamped little cigars.

*Individuals who need auxiliary aids for effective communication in programs and services of the Department of Revenue Administration are invited to make their needs and preferences known to the N.H. Department of Revenue Administration, 45 Chenell Drive, Concord, NH 03301 or by contacting them at (603) 271-2318.*