

Chapter Tax 9

CIGARETTE TAX

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Tax 9.06 Affixing of state revenue stamps. (section 139.32, Wis. Stats.) (1) Tax stamps of the proper denomination shall be affixed either to the top of each individual package of cigarettes or on the bottom thereof, excepting in the case of flat tins or other odd-sized containers when said tax stamps shall be affixed to some portion of the flat surface thereof.

(2) Tax revenue meter imprints shall be affixed at the bottom of each individual package of cigarettes.

History: 1-2-56; am. Register, June, 1975, No. 234, eff. 7-1-75.

Tax 9.11 Refunds. (section 139.36, Wis. Stats.) (1) A refund shall be granted to any cigarette distributor for stamps which were applied to packages of cigarettes when the distributor supplies documentation to the department that the packages of cigarettes to which stamps have been affixed were damaged or otherwise unsalable and have been returned to the manufacturer thereof. A distributor who has unsalable cigarettes in his possession must file a written notice to the department of intent to return such cigarettes to the manufacturer thereof at least 10 days prior to shipping such cigarettes. If the department, upon receipt of this notice of intent, desires to exercise its right to inspect such cigarettes prior to shipment, it must so notify the distributor prior to the expiration of the 10 day period. If the department does not notify the distributor of its intent to inspect before the end of the 10 day period, the distributor may ship the cigarettes to the manufacturer and make application for refund. The distributor shall make application for such refund on a form to be furnished by the department. The application for refund must be accompanied by a copy of the signed bill of lading for said shipment. A copy of the credit memo for each shipment from the manufacturer must be forwarded to this department prior to processing the refund. The department may also require an affidavit from the manufacturer attesting to the number of cigarettes received in each shipment.

(2) Refund will be granted on all stamps unfit for use or otherwise unused, returned to this department by duly authorized permittees, providing the sale thereof may be verified by the department.

(3) On all refunds granted, the cost of printing and service charges will be deducted therefrom.

History: 1-2-56; r. cr. Register, November, 1971, No. 191, eff. 12-1-71.

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Tax 9.12 Refunds—military. (section 139.31 (3), Wis. Stats.) The state tax paid on cigarettes sold to post exchanges of the armed forces of the United States and to federally operated veterans' hospitals may be refunded to the licensed manufacturer, wholesaler or subjobber making the sale under the following conditions and provisions:

(1) State stamps of the proper denomination must be affixed to each package before delivery.

(2) An invoice covering each sale must be executed in triplicate, the original to be retained at the office of the manager of the post exchange or veterans' hospital and the other 2 copies to be receipted by the post exchange officer or the manager of the post exchange or veterans' hospital or his designated representative and retained by the firm making the sale.

(3) A claim for refund together with a copy of the receipted invoice or invoices should be filed with the department of revenue on or before the tenth day of each month covering all sales made to post exchanges or veterans' hospitals during the preceding month.

(4) In the event cigarettes sold or delivered under the provisions of section 139.50 (17), Wis. Stats., and this rule are returned to the manufacturer, wholesaler or subjobber, a notation of such return, signed by the manager of the post exchange or veterans' hospital, or his designated representative, must be recorded on the original invoice and on both copies clearly indicating quantity and description of cigarettes returned.

(5) Under no consideration may any cigarettes upon which a tax refund has been paid or applied for, be returned to any manufacturer, wholesaler, or subjobber without special permission from the department of revenue.

History: 1-2-66; am. Register, June, 1976, No. 234, eff. 7-1-76.

Tax 9.16 Meter machines. (section 139.32 (4), Wis. Stats.) (1) All meters are under the direct control of the department of revenue, and all transfers or anything pertaining thereto must first be authorized by the department.

(2) Any distributor or manufacturer desiring to use a cigarette meter machine in lieu of affixing revenue stamps must apply to the department of revenue for permission to have such machine installed for such purpose.

(3) All repairs to either the machine or the meter are strictly prohibited except by an authorized representative of Pitney-Bowes, Inc. Requests for service should be directed to the branch office of Pitney-Bowes, Inc., for your territory.

(4) Meter machine ink imprints on all packages must be clear and legible. All dies and other equipment must be serviced and cleaned according to the instructions issued by Pitney-Bowes, Inc.; the department of revenue may refuse the continued use of the meter.

(5) All inks used in the stamping of cigarettes must be purchased from Pitney-Bowes, Inc., Stamford, Connecticut, and must be made

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up from the formula having the approval of the department of revenue.

History: 1-2-66; am. Register, June, 1975, No. 234, eff. 7-1-76; am. (4), Register, December, 1977, No. 264, eff. 1-1-78.

Tax 9.17 Meter machine settings. (section 139.32 (4), Wis. Stats.) (1) Meters may only be set by authorized representatives of the department of revenue and all individuals doing so should be requested to show their credentials to the permittee requesting the setting.

(2) All requests for meter settings shall be in units of 100 and may not exceed 99,900.

(3) Permittees, if they so desire, may forward their meter direct to the department of revenue, Madison, for setting, accompanied by the proper remittance and the card titled "The Record of Meter Settings," form CT-623. Express charges must be prepaid on meters sent to the department of revenue, Madison, for setting and the machines will be returned by express collect after setting.

History: 1-2-66; am. Register, June, 1975, No. 234, eff. 7-1-75.

Tax 9.19 Fuson machines and stamps. (sections 139.32 (2) and (3) and 139.34 (7), Wis. Stats.) (1) The term fuson shall apply to all stamping processes whereby revenue stamps are fused to the outer wrapper of any cigarette package by a heat process.

(2) The use of fuson stamps and any machines or devices for their application by any distributor shall be subject to the approval of the secretary of revenue and such approval may be withdrawn at any time at the discretion of the secretary of revenue.

(3) To be properly stamped the full revenue stamp and at least 50% of the surrounding "field" must be clearly visible in a proper position on the cigarette package.

(4) To be considered properly stamped an indentifying code number must also be clearly affixed to the cigarette package by the distributor in a method approved by the secretary of revenue.

History: Cr. Register, February, 1967, No. 134, eff. 3-1-67; am. Register, June, 1975, No. 234, eff. 7-1-75.

Tax 9.21 Shipments to retailers. (sections 139.31, 139.32 (1) and 139.34, Wis. Stats.) (1) Out-of-state permittees shipping cigarettes to Wisconsin retailers shall, prior to the entry of said merchandise into this state, have affixed to the containers thereof the proper Wisconsin revenue stamps.

(2) Wisconsin retailers purchasing cigarettes from without the state must purchase same only from out-of-state manufacturers and distributors who hold permits issued to them by the department of revenue.

(3) All out-of-state manufacturers or distributors may ship cigarettes either stamped or unstamped directly to any Wisconsin manufacturer or distributor who hold the proper permit issued by the department of revenue.

History: 1-2-66; am. Register, June, 1975, No. 234, eff. 7-1-76.

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Tax 9.22 Drop shipments. (sections 139.32 (1) and 139.38, Wis. Stats.) (1) Drop shipments are strictly prohibited to retailers unless the cigarettes have affixed thereto the proper tax stamp prior to sale and delivery.

(2) All consignors of cigarettes, on drop shipments, must furnish a memo invoice to the distributor or the retailer receiving the merchandise direct, as well as an invoice to the distributor through whom the billing is serviced.

(3) The consignors must list on their regular schedule CT-107 the name of the consignee actually receiving the merchandise, as well as the name of the distributor through whom it is billed.

(4) All distributors servicing drop shipments must declare same on their regular monthly purchase schedule CT-101, showing the name of the original consignor and the account actually receiving the merchandise.

History: 1-2-56; am. Register, June, 1975, No. 234, eff. 7-1-75; am. (3), Register, December, 1977, No. 264, eff. 1-1-78.

Tax 9.26 Trade or transfer of unstamped cigarettes. (section 139.32 (1), Wis. Stats.) (1) A licensed Wisconsin distributor may not stamp merchandise for another such distributor unless the merchandise is first shipped, invoiced and billed directly to the distributor who is to stamp same, and is then invoiced, billed, and reshipped by him to the distributor for whom it was stamped.

(2) No manufacturer or distributor shall receive unstamped cigarettes from a retailer for stamping purposes.

(3) No unstamped cigarettes shall be transferred from one permittee to another for any reason whatsoever, except for interstate commerce. All cigarettes sold by one permittee to another for the purpose of interstate commerce shall have a label affixed to each case stating thereon, "For Interstate Commerce Only". The label shall be 2 inches by 5 inches in size. This merchandise shall be used for interstate commerce and must not be diverted in any manner for intrastate sale.

History: 1-2-56; am. Register, June, 1975, No. 234, eff. 7-1-75.

Tax 9.31 Sales out of Wisconsin. (section 139.31 (3), Wis. Stats.)

(1) The occupational tax imposed upon the sale of cigarettes within the state does not apply to merchandise which is shipped from within the state to a point outside the state. Manufacturers and distributors need not affix revenue stamps to the original containers of cigarettes that are sold and shipped outside the state. The burden of proof, however, is at all times upon the Wisconsin manufacturer or distributor to show that such merchandise actually went into interstate commerce.

(2) Wisconsin manufacturers and distributors claiming exemption from the occupational tax on cigarettes on the grounds that shipments or deliveries were made in interstate commerce shall certify under oath:

(a) Names and addresses of the persons receiving such shipments or deliveries in such foreign state; or

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(b) That they are in possession of bills of lading, waybills, or freight bills, or other evidence of shipment issued by common carriers.

History: 1-2-56; am. Register, June, 1975, No. 234, eff. 7-1-75.

Tax 9.36 Displaying of cigarettes. (sections 139.32 (1) and 139.39, Wis. Stats.) All cigarette retail outlets in the state of Wisconsin shall display all cigarettes, offered for sale at