

BULLETIN

Comptroller of Maryland ● Alcohol and Tobacco Tax Division ● Goldstein Treasury Building ● P.O. Box 2999 Annapolis, Maryland 21404-2999 ● Telephone: 410-260-7314 from Central Maryland or 1-888-784-0145 from elsewhere in Maryland ● Forms-by-Fax: 410-974-FAXX(3299); e-mail: att@comp.state.md.us; World Wide Web: www.marylandtaxes.com

No. TT-21

March 1, 2000

TO: Licensed Maryland Cigarette Wholesalers

SUBJECT: Cigarette Tax Stamps and Confiscated Cigarettes

Within the past four months, agents of the Comptroller's Field Enforcement Division have confiscated approximately 17,000 packs of improperly stamped cigarettes from licensed retail premises. These packs were not stamped at all, stamped with another state's stamp, or, in many cases, had only a small portion of a stamp affixed. In the latter instance, it was often impossible to determine whether or not the original stamp was a Maryland stamp or another state's stamp with a similar color or design. Most of the confiscations were from packs of cigarettes sold to retailers by a relatively small number of wholesalers.

Based upon inquiries we have received, our internal investigation into this situation, and a recent meeting with senior representatives of the stamp manufacturer (Meyercord), there is reason to believe that some of the stamps in the market during this period may have been defective. While licensed cigarette wholesalers (and retailers) have a responsibility for assuring cigarettes that are sold or offered for sale are properly stamped, we believe the information available to us at this time, while not totally conclusive, warrants special consideration with respect to the packs of cigarettes that have been confiscated. Accordingly, we will consider a claim by a wholesaler for the return of confiscated cigarettes sold by them to retailers under the following conditions:

- The claim is made by an officer of the licensed cigarette wholesaler in letter form for cigarettes confiscated from Maryland retailers and sold by that wholesaler between **November 1, 1999 and February 29, 2000.**

- Since cigarettes were technically confiscated from Maryland retailers, letters of assignment must accompany each claim. These letters must be signed by the retailer and state that (1) the retailer has been reimbursed by the wholesaler for the product confiscated and (2) the retailer is "assigning" any rights the retailer may have for the return of the cigarettes to the wholesaler who sold the cigarettes originally. Each retailer assignment letter, and overall claim letter from the wholesaler, must be reconciled with actual cigarettes sold by the wholesaler and subsequently confiscated.
- Cigarettes with a different state tax stamp (or a portion of a different state tax stamp) will not be considered for return. Also, any cigarettes with no evidence of a tax stamp ever being affixed will not automatically be returned but the claim will be evaluated on a case by case basis depending on individual circumstances.
- No credit, refund, or exchange of stamps will be given for any Maryland tax stamps that purportedly were affixed to the cigarettes confiscated.
- All claims, with supporting documentation, must be submitted to the Alcohol and Tobacco Tax Division no later than March 31, 2000. The division will review each claim, in consultation with the Field Enforcement Division, and advise if all or a portion of the claim will be approved.

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For the deaf and hard of hearing: TTY users call via Maryland Relay at 711 in Maryland or 1-800-735-2258 from elsewhere. TTY: 410-767-1967 (Baltimore metro area). If you need a reasonable accommodation for a disability, please contact us before you visit. If you need the information in this publication in an alternate format, contact the Comptroller's Office.

Wholesalers will be responsible for picking up returned cigarettes from the Field Enforcement Division in Annapolis within 10 days of notice of the disposition of their claim.

It is in the interest of fairness that we extend this **one time opportunity** to file a claim for the return of confiscated cigarettes. Wholesalers remain responsible for inspecting all cigarettes that leave their premises to assure the Maryland tax stamp is properly affixed. In our recent meeting, Meyercord agreed to have a service representative visit each wholesaler licensed by Maryland to inspect and adjust stamping machines and provide whatever additional training may be necessary. This should happen within the next 30 days. Also, for your information, we will be changing the color of the tax stamp to blue after existing supplies are depleted in approximately two months. The current yellow tax stamp will still be valid.

While we have been given assurances by Meyercord that the instant problems were isolated and should not recur on a widespread basis, if defective stamps are detected by you in the future, you should contact this office and your Meyercord representative. However, no defective stamps should be returned to Meyercord. Rather, they should be returned to this office for analysis and, where applicable, credit or replacement stamps.

Questions regarding the process for filing a claim for return of cigarettes should be referred to Deputy Director Stephen Taylor at 410-260-7313 or Administrative Manager Christie Mattox at 410-260-7312. Future problems noted with alleged defective stamps should be referred to Regulatory Control Manager Linda Bates at 410-260-7532.

Charles W. Ehart, DPA
Director
Alcohol and Tobacco Tax Division