



**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS**  
**Department of Revenue**  
**DIVISION OF TAXATION**  
**Special Investigations Unit**  
**One Capitol Hill**  
**Providence, RI 02908-5800**

**NOTICE**

**TO: ALL RHODE ISLAND CIGARETTE DEALERS AND DISTRIBUTORS AND  
TAXPAYERS FILING TOBACCO PRODUCT TAX RETURNS**

**DATE: JANUARY 27, 2014**

**RE: OTHER TOBACCO PRODUCTS (OTP)**

**HEARING DATE: FEBRUARY 26, 2014 AT 9:30 AM**

**LOCATION: RHODE ISLAND DIVISION OF TAXATION**

The Division of Taxation is proposing Regulation # OTP 14-01 implementing R.I. Gen. Laws § 44-20-13.2, concerning the tax imposed on "Other Tobacco Products." Other Tobacco Products ("OTP") includes any cigars (other than Little Cigars), cigarillos, cheroots, stogies, smoking tobacco, tobacco wraps, snus, chewing tobacco, any and all forms of hookah and shisha tobacco, snuff, and any other articles or products made of or containing tobacco, except cigarettes.

All cigarette Dealers and Distributors must keep complete and accurate records of all taxes paid on OTP purchases. These records shall include the seller's name, address, and their Distributor's license number for OTP products as well the buyer's name, address, and cigarette Dealer's license number. These records must be kept at the specific place of business and produced to the Division of Taxation upon inspection or demand.

All OTP for which a dealer or distributor is not able to provide a valid invoice at the time of inspection will be seized by the agents of the Tax Administrator as part of the routine compliance inspections. The Tax Administrator will issue a Notice of Deficiency Determination for any seized OTP including tax and penalties. Penalties may include both monetary sums and license suspension/revocation. The routine compliance inspections shall be conducted during business hours of the dealer/distributor and without prior notice to the dealer/distributor. As of April 1, 2014, seized OTP will be considered contraband and will be destroyed if the dealer/distributor fails to timely appeal the Notice of Deficiency Determination.

Also, any dealer having in his or her possession OTP purchased from an unlicensed distributor, shall, within five (5) days after coming into possession of the OTP, file a return with the Division of Taxation and pay all tax due on these items. The dealer shall complete the return (Form OTP-4) and remit any tax due as declared on that return.

Should you have any questions, please call Sharon G. Garner at (401) 574-8874.

*David Sullivan*  
Tax Administrator

January 2014  
Notice 2014-01