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## **MEMORANDUM**

### **CIGARETTES**

Effective **June 26, 2022**, the City of Fort Collins removes the sales and use tax exemption for cigarettes. As of this date cigarettes are taxed at the City’s regular sales tax rate of 3.85%.

Please note the first reporting period is June 2022 with a filing deadline of July 20, 2022.

[READ THE ORDINANCE HERE \(see sections 9 and 11\)](#)

#### *Who is regulated by this ordinance?*

This ordinance applies to all retailers of cigarettes engaged in business in Fort Collins.

#### *What is the definition of cigarettes?*

The definition of cigarettes is found in [Colorado Revised Statute \(C.R.S.\) § 39-28-202\(4\)\(a\)](#) (see page 718)

#### *Why did the City make this change?*

On March 28, 2019, [the Colorado legislature enacted HB 19-033](#), a law that gave home rule governments like The City of Fort Collins the right to impose a local sales tax on cigarettes.

#### *How should cigarettes be reported on the City’s sales and use tax return?*

The City’s sales and use tax exemption for cigarettes is effective June 26, 2022, therefore the month of June 2022 represents a hybrid reporting method.

For cigarette sales on or before June 25, 2022 cigarettes should be deducted from gross sales and reported on sales and use tax return **line 3F, Sales of gas/cigarettes**. For cigarette sales on or after June 26, 2022 cigarettes should be included in **line 1, Gross Sales and Service** with no portion of the cigarette sales deducted in **lines 3A – 3M**.

Effective July 1, 2022, the City’s sales and use tax return will be modified where line 3F deducts “Sales of gasoline or motor fuel.”

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Please contact the Sales Tax Department at [salestax@fcgov.com](mailto:salestax@fcgov.com) or by phone at 970-221-6780 with any questions.