

**103 KAR 41:100. Segregation of cigarettes.**

RELATES TO: KRS 138.146

STATUTORY AUTHORITY: KRS 131.130(1)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 131.130(1) authorizes the Department of Revenue to promulgate administrative regulations for the administration and enforcement of Kentucky tax laws. This administrative regulation interprets KRS 138.146 as it applies to the segregation of cigarettes and the maintaining of records by persons licensed as cigarette dealers under KRS 138.195.

Section 1. Inventories of cigarettes held by persons licensed under KRS 138.195 shall be maintained in the following manner:

(1) Untax-paid cigarettes shall be stored in a separate area from cigarettes bearing tax evidence. Kentucky tax evidence, or that of another state shall be affixed to all packages within the required time, pursuant to KRS 138.146(2), unless the cigarettes are distributed within the same period of time into states not using tax evidence. Any receipt and distribution records deemed necessary by the Department of Revenue shall be established and maintained by all licensees authorized to receive untax-paid cigarettes.

(2) Cigarettes stamped with the tax evidence of another state shall be stored in a separate and distinct area from cigarettes bearing Kentucky tax evidence. These tax paid cigarettes shall be either shipped by the wholesaler directly into the state for which the packages were stamped or transferred to persons licensed to receive and distribute cigarettes for resale into the said state.

(CT-30; 1 Ky.R. 333; eff. 2-5-1975; TAm eff. 5-20-2009; TAm eff. 6-28-2016; Crt eff. 1-28-2020; 46 Ky.R. 1603; eff. 5-5-2020.)