

**Illinois Department of Revenue
Regulations**

**Title 86 Part 440 Section 440.200 Credit for Stamps that Are Damaged, Unused, Destroyed
or on Packages Returned to the Manufacturer**

TITLE 86: REVENUE

**PART 440
CIGARETTE TAX ACT**

**Section 440.200 Credit for Stamps that Are Damaged, Unused, Destroyed or on Packages
Returned to the Manufacturer**

- a) Where a distributor wishes to receive credit for stamps that have been affixed to original packages of cigarettes, the distributor shall file a claim on a form provided by the Department.
- b) Upon receipt by the Department of a properly completed and executed claim, the Department may send its representative or representatives to the distributor's place of business to witness destruction of cigarette revenue stamps affixed to packages of cigarettes. Credit for the stamps will be given when an affidavit made by a representative of the Department is supported by other documents required by the Department, or, when no affidavit is made because the Department did not send a representative to witness destruction of the stamps, the claim is supported by the documents required by the Department.
- c) If the Department sends one or more of its representatives to witness the destruction of the stamps, the Department may charge as it deems necessary and reasonable because of that expense to the Department.
- d) If a greater number of stamps in a certain series of stamps is destroyed than is included in the claim for credit, the excess number of stamps destroyed in that series of stamps will not be credited. If a lesser number of stamps in a certain series of stamps is destroyed than is included in the claim for credit, the actual number of stamps destroyed in that series will be credited. If stamps are destroyed in a certain series of stamps not listed in the claim for credit, credit for stamps in that series will not be made.
- e) Claims for credit of cigarette revenue stamps will be approved only when the claim indicates that the cigarettes involved are unsalable and are to be shipped by the claimant in interstate commerce, by a common carrier or through the United States mails, to a designated consignee outside Illinois, or when the claim indicates that the cigarettes involved are unsalable and are to be destroyed by claimant, when the claim indicates that the packages of cigarettes involved have been improperly stamped (e.g., overstamped, understamped) or when the claimant returns unused or damaged stamps.
- f) It is mandatory upon a distributor to destroy (in the presence of a Department representative or representatives if the Department so requires) Illinois cigarette revenue stamps that are affixed to packages of cigarettes in connection with his claim

to the Department for credit of stamps, if the distributor has improperly stamped packages of cigarettes by affixing Illinois cigarette revenue stamps in an amount that is insufficient to evidence full payment of the tax.

- g) Claims for credit of cigarette revenue stamps affixed to packages of cigarettes will not be approved unless the distributor filing the claim has title to the cigarettes covered by the claim and is carrying Illinois tax-stamped cigarettes in his physical, book and Cigarette Revenue Return inventories.
- h) If a claim discloses that, subsequent to the destruction of the stamps, the unstamped packages of cigarettes are to be shipped in interstate commerce to a designated out-of-State consignee, credit for the stamps will not be made unless and until the claimant-licensee submits to the Department, to support his claim, an affidavit from the manufacturer that receives and destroys the stamps. If an affidavit cannot be obtained, a waybill, freight bill or bill of lading, issued by a common carrier, or an insurance receipt or registry receipt issued by the United States Postal Department, or a Post Office Department receipt form 3817, proving that the cigarettes have actually been shipped by the claimant in interstate commerce, by common carrier or through the United States mails, to the out-of-State consignee designated in the claim, will be accepted.
- i) Subsequent to the destruction of cigarette revenue stamps affixed to packages of cigarettes, credit for the stamps will not be made if a review of pertinent Cigarette Revenue Return or Returns filed by the claimant-licensee reveals that the stamps scheduled in the claim have not been included in the claimant-licensee's inventories.
- j) In connection with any claim for credit of Illinois cigarette revenue stamps, in addition to the types of proof specified, the Department reserves the right to require additional proof in support of any claim as may appear to be necessary.
- k) If the Department approves a claim for credit for cigarette tax stamps, the Department (subject to the same limitations as those provided for in Section 440.230 of this Part) may issue an assignable credit memorandum or refund to the claimant or to the claimant's legal representative. Under no circumstances will a claim for credit be approved in an amount that exceeds the amount paid by the claimant for the stamps that are the subject of the claim.
- 1) When any tax imposed by the Cigarette Tax Act terminates or has terminated, distributors who have bought stamps while the tax was in effect and who paid the tax, but who can show, to the Department's satisfaction, that they sold the cigarettes to which they affixed the stamps after the tax had terminated and did not recover the tax or its equivalent from purchasers, shall be allowed by the Department to take credit for the absorbed tax against subsequent tax stamp purchases from the Department by the distributor.

(Source: Amended at 27 Ill. Reg. 1618, effective January 15, 2003)