INDUSTRY CIRCULAR

OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE
ALCOHOL AND TOBACCO TAX DIVISION
WASHINGTON 25, D. C.

Industry Circular No. 57-19 July 9, 1957

ENTRIES IN RECORDS, REPORTS, AND INVENTORIES OF TOBACCO IN PROCESS AND MANUFACTURED TOBACCO

Manufacturers of tobacco:

Purpose. The purpose of this industry circular is to provide manufacturers of tobacco more detailed instructions relative to accounting for tobacco in process and manufactured tobacco in their records, Form 2141, reports, Form 2134, and inventories, Form 2130.

Background. You were advised in Industry Circular No. 56-40, dated November 20, 1956, of the manner of reporting tobacco materials in your inventories, Form 2130, and reports, Form 2134, beginning January 1, 1957. The above-mentioned circular provided for the showing of tobacco materials in the inventories and reports under only the two classifications, namely, unstemmed tobacco and other tobacco materials. In this connection, there appears to be some misunderstanding as to the proper accounting for tobacco in process, and when tobacco in process should be regarded as manufactured tobacco and should be so reported by manufacturers in their records, Form 2141, reports, Form 2134, and inventories, Form 2130.

Records, reports, and inventories. Tobacco in the process of manufacture should be shown in your records, Form 2141, reports, Form 2134, and inventories, Form 2130, as tobacco materials, under the classification of "Other tobacco materials." For the purpose of making entries in such records, reports, and inventories, manufacturers of tobacco should regard all tobacco (other than plug or twist) as tobacco materials until it is packaged for removal, furnished to employees for personal consumption or use, or removed for sale, consumption, or use.

Effective date. Manufacturers of tobacco who have been reporting tobacco in a manner other than as provided in the preceding paragraph should follow the instructions therein upon receipt of a copy of this circular.

Inquiries. Inquiries in regard to this industry circular should refer to the number thereof and should be directed to the appropriate assistant regional commissioner (alcohol and tobacco tax).

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