



# INDUSTRY CIRCULAR

DEPARTMENT OF  
THE TREASURY

Bureau of Alcohol, Tobacco and Firearms  
Washington, D.C. 20226

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## RECORDS AND REPORTS FOR LARGE CIGARS

To Manufacturers and Importers of Tobacco Products, and  
Others Concerned.

Purpose. This circular is to inform you of some changes in recordkeeping and reporting requirements resulting from the new basis for taxing large cigars introduced by Section 2128 of P. L. 94-455. These changes are effective on February 1, 1977.

Background. As a result of the recent change in the basis for taxing large cigars, new record and reporting requirements have been implemented for domestic manufacturers and importers, and modifications have been made to some existing record requirements. It should be noted that importers are now required to keep records for the first time. The sections of regulations affected are 27 CFR 270.183-184, 270.202, 275.139, 275.153, 275.181-183, and 295.51. Also see Industry Circular 77-2 for additional discussion of revised procedures and forms affected.

### New Record Requirements

Importers' Record of Tax Declaration. Importers are now required to keep a copy of each customs entry or withdrawal form on which tax for large cigars is declared. If an importer has only a few import transactions involving few brands of large cigars, these copies of customs entry and withdrawal forms may also fulfill the new requirement for a "basic record of wholesale prices" if they show or are annotated to show the brands and sizes of the cigars included on the forms. Otherwise, importers are required to keep the same basic record of wholesale prices that manufacturers must keep, which is described below. The required importers' records must be kept at the importer's business premises and made available for inspection by ATF officers.

Manufacturers' and Importers' Basic Record of Wholesale Prices. Except for those importers maintaining copies of customs entry and withdrawal forms as the "basic record of wholesale prices" as discussed above, all manufacturers and importers are required to keep a separate record of the wholesale price applicable to each cigar at the beginning of each year. All changes in those prices and all prices for new cigars added during the year must also be recorded.

A new record must be prepared as of January 1 of each year (except February 1 for 1977 only), and maintained during the year so that the wholesale price for each brand and size cigar can be readily determined for any day during the year. No specific form is prescribed for this record, but the following format is suggested as one method of effectively furnishing the required information:

Year <u>1977</u>							
Description of cigar (Brand, Front-mark or size, and packaging)	Wholesale price per thousand on Jan. 1 (or Feb. 1, 1977)	New or changed wholesale price	Effective date of price change	Date price change becomes applicable for tax purposes (See 27 CFR 270.22(h) or 275.39(h))	New or changed wholesale price	Effective date of price change	Date price change becomes applicable for tax purposes (See 27 CFR 270.22(h) or 275.39(h))
DUKE OF TAMPA Gems-All packaging	\$525						
LA VACA, Elegante All except 1/40	\$100	\$104	3/5/77	2/21/77			
LA VACA, Elegante 1/40	\$107.50	\$111.50	3/5/77	2/21/77			

### New Reporting Requirements

All manufacturers and importers of large cigars who issue announcements, either intracompany or to customers, about new or changed wholesale prices, are required to also send a copy of these announcements to the Assistant Director (Regulatory Enforcement), Attn: Industry Control Division, Bureau of Alcohol, Tobacco and Firearms, Washington, DC 20226. This copy must show the actual date when issued, and be sent to ATF within 5 business days after that date. All copies of announcements sent to ATF by manufacturers must identify the factories to which they apply, either by factory number or by city and State.

Modifications to Existing Record Requirements

Manufacturers' Record of Taxable Removals. The manufacturers' daily record of taxable removals, as well as invoices or other records covering the individual transactions, must show large cigars by wholesale price rather than by tax class as previously required.

Transfers of Cigarettes and Cigars to Export Warehouses. A new breakdown is required in manufacturers' records to show separately the quantities of cigarettes and cigars transferred to export warehouses and those directly exported. This separation is also made on the manufacturers' monthly report. Previously, both of these items were included in the single record category "removed in bond for export purposes."

Copies of New Regulations

A reprint of Treasury Decision ATF-40 containing all of the regulations affected by the changed tax system for large cigars is being prepared and will be forwarded to all concerned as soon as it is available.

Inquiries

Inquiries concerning this circular should refer to its number and be addressed to the Assistant Director (Regulatory Enforcement), Bureau of Alcohol, Tobacco and Firearms, 1200 Pennsylvania Avenue, NW, Washington, DC 20226.

  
Rex D. Davis  
Director