

INDUSTRY CIRCULAR

OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE
ALCOHOL AND TOBACCO TAX DIVISION



WASHINGTON 25, D. C.

Industry Circular No. 58-36

December 29, 1958

MARKING OF PACKAGES OF TOBACCO PRODUCTS TRANSFERRED IN BOND TO ANOTHER MANUFACTURER

Manufacturers of tobacco products:

Purpose. The purpose of this industry circular is to advise you of a ruling as to which manufacturer's name and location, or permit number, (to be shown in the mark as required by the regulations in 26 CFR 270.146 and 275.135) should appear on packages of tobacco products produced and packaged by one manufacturer and transferred in bond to another such manufacturer.

Background. Under the provisions of section 5704(b) of the Internal Revenue Code of 1954 and the regulations in 26 CFR 270.152 and 275.141, a manufacturer of tobacco products may transfer such products under his bond, without payment of tax, to the factory of any qualified manufacturer of such products. When so transferred, the products are exempt from the packaging requirement of regulations in 26 CFR 270.144 and 275.134. However, the regulations contemplate that the products may be shipped in bulk or in packages, as desired. When the products are transferred in packages, the question has been raised as to whether the mark on such packages should identify the transferee or transferor.

Substance of Ruling. This office has ruled that packages containing tobacco products produced by one manufacturer and transferred in bond, without payment of tax, to another manufacturer of such products should, in the mark required by regulations, identify the transferee manufacturer by name and location, or by permit number, since he becomes liable for the tax on such products upon their receipt and would be the proper claimant in respect to any refund or allowance of tax provided by law.

Inquiries. Inquiries regarding this industry circular should refer to its number and be addressed to the office of your assistant regional commissioner (alcohol and tobacco tax).

A handwritten signature in cursive script that reads "Dwight E. Avis".

Dwight E. Avis
Director, Alcohol and Tobacco Tax Division