INDUSTRY CIRCULAR

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

WASHINGTON 25, D. C.

Industry Circular No. 64-22 December 22, 1964

REMOVALS OF TOBACCO PRODUCTS FROM EXPORT WAREHOUSES FOR FOREIGN DIPLOMATIC OFFICERS NOT AUTHORIZED

Proprietors of export warehouses:

Purpose. This circular is issued to make it clear that tobacco products may not be removed from export warehouses, without payment of tax, for sale or delivery to diplomatic officers of foreign countries or to personnel of foreign embassies for consumption in the United States.

Background. Recently, tobacco products have been removed, without payment of tax, from bonded internal revenue export warehouses, consigned to various diplomatic officers in the United States. Such removals are not authorized under the statutes.

Statutory provisions. Section 5704 of the Internal Revenue Code provides, in part, that an export warehouse proprietor may remove tobacco products, without payment of tax, for shipment to a foreign country, Puerto Rico, the Virgin Islands, or a possession of the United States, or for consumption beyond the jurisdiction of the internal revenue laws of the United States. This section of law makes no provision for the exemption from tax on such products for diplomatic officers or personnel of foreign embassies in the United States.

In addition, the exemptions from tax and duty in the Tariff Schedules of the United States (Schedule 8, Part 2, Subpart C- Personnel of Foreign Governments and International Organizations; Distinquished Visitors) are limited to articles which are imported into the United States. Therefore, these exemptions are not applicable to tobacco products stored in an export warehouse.

Responsibility for proper delivery. Export warehouse proprietors are reminded that, under the provisions of Section 290.64, they are responsible for the proper removal and delivery of tobacco products. Tobacco products improperly removed are subject to the payment of tax as provided in Section 5703, I.R.C.

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

Harold A. Serr

Harold A. Serr
Director, Alcohol and Tobacco Tax Division