

Industry Circular



Internal Revenue Service

Alcohol and Tobacco Tax Division
Washington, D.C. 20224

Industry Circular No. 68-35

December 31, 1968

MARK ON TRANSFERRED CIGAR AND CIGARETTE PACKAGES

Manufacturers of tobacco products:

Background. Manufacturers of tobacco products who operate more than one factory occasionally need to interchange between factories packaging materials for particular brands of cigars or cigarettes. They also sometimes need to transfer cigars or cigarettes in bond and remove them from a factory other than the factory at which packaged. When the need to transfer packaging materials or packaged products arises unexpectedly and the packages do not identify the factory from which they will subsequently be removed, the manufacturer usually can not fully justify a request for an alternate method or procedure since he can not show good cause to vary from the regulatory provisions.

Regulatory Provisions. The applicable regulations (26 CFR 270.212, 290.184, and 295.42) provide with respect to marking packages of cigars and cigarettes the basic requirement to identify the factory from which removed. However, these regulations are flexible in that they express an alternative which allows use of the name of the manufacturer and identification of the factory at which cigars and cigarettes are packaged, rather than the factory from which removed. This factory identification can be by any means approved by the Director, Alcohol and Tobacco Tax Division.

Recommended Action. Generally, manufacturers can not predict when need to transfer packaging materials or packaged products will occur. However, when packages are designed to identify the factory at which the products are packaged (under the alternate marking provision) such transfers can be freely made between factories. This factory identification could be by code or symbol imprinted or impressed at the time of packaging or by some other means. The package would show in the mark only the name of the manufacturer. If the manufacturer wishes, the package could also show the location of the company's principal office or similar information. Identification of the factory of packaging could well be placed in or on the package by any of the following means:

1. Preprinted, or imprinted at the time of packaging, on the closure tab for cigarette soft packs.
2. Imprinted on cigar boxes at the time a date code or other information is entered.

3. Impressed at the time of packaging on the exterior of cardboard or plastic cigar or cigarette packages.
4. Impressed on the inner foil.

One of the preceding means could possibly be used in your present operation without introducing an additional step in the packaging process. Obviously, these examples are not exhaustive. You may find a simpler or more effective way to apply the factory identification during your packaging operation.

If you operate more than one factory and are not already using the alternate marking provision we strongly suggest that you take action by planning packaging materials along the lines discussed in this circular. By using the alternate marking provisions you may avoid unnecessary expense because you will be able to transfer products in bond or to freely interchange packaging materials between your factories as the need arises, without delay and without the need to justify a request for a special authorization.

Inquiries. Inquiries regarding this circular should be addressed to the Director, Alcohol and Tobacco Tax Division, Internal Revenue Service, Washington, D. C. 20224, Attention: Tobacco Tax Branch.



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