

DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU
ABSTRACT AND STATEMENT

NOT IN SUIT

For briefing offers in compromise of liabilities and/or violations incurred under sections 4181 and 4182 and Chapters 51 and 52 of the Internal Revenue Code and/or liabilities and/or violations incurred under the Federal Alcohol Administration Act.

1. OFFER SUBMITTED BY (Name and address) SDS Imports LLC 114 Sherlake Ln Suite 18 Knoxville, TN 37922	OFFER IN COMPROMISE	
	2. ORIGINATING OFFICE TAD	3. AMOUNT OF OFFER 2,200,000.00
	4. PERMIT, LICENSE, OR REGISTRY NO. (if applicable) [REDACTED]	
	5. CASE NUMBER	
	6. DOLLAR AMOUNT OF LIABILITY BEING COMPROMISED (if applicable) \$ 8,951,477.16	
	7. TAXPAYER IDENTIFICATION NUMBER [REDACTED]	
	8. CHARGE	

BUSINESS IN WHICH ENGAGED:
SDS Imports LLC (Proponent) engages in business as a Firearms Importer.

VIOLATION(S):
For tax periods July 1, 2019 to December 31, 2024, Proponent allegedly:
1) Improperly claimed operating expenses such as fees paid to other Federal agencies, fees paid lawyers and consultants, travel expenses, and shipping supplies as eligible adjustments to taxable sales in violation of 26 U.S.C. § 4216(a) and 27 C.F.R. 53.92(c);
2) Improperly excluded and deducted from Federal excise tax sales reported as samples, gifts, and giveaways in violation of 26 U.S.C. §§ 4181 and 4218(a) and 27 C.F.R. §§ 53.91(a) and 53.111(b)(1);
3) Excluded from Federal excise tax ineligible advertising expenses in violation of 26 U.S.C. § 4216(e) and 27 C.F.R. § 53.100;
4) Failed to maintain supporting documentation sufficient to justify the exclusion of nontaxable articles from taxable sales and cost-of-credit and freight expense adjustments to its Federal excise tax returns in violation of 26 U.S.C. §§ 4216(a), 4216(b)(2), and 4181 and 27 C.F.R. §§ 53.91, 53.92(c) and (b)(4), 53.100(b)(2);
5) Failed to timely file and pay excise tax for tax period ending December 31, 2021 in violation of 26 U.S.C. § 4181 and 27 C.F.R. §§ 53.61, 53.151, and 53.153; and
6) Failed to report all taxable sales in violation of 26 U.S.C. § 4181 and 27 C.F.R. 53.61(a).

DATE OR PERIOD AND LOCATION OF VIOLATIONS:
The violations occurred between July 1, 2019 and December 31, 2024, at Proponent's premises located at 114 Sherlake Ln, Knoxville, TN 37922.

AMOUNT AND TERMS OF OFFER:
Proponent has submitted an Offer-in-Compromise (OIC) in the amount of \$2,200,000, to be paid in full upon acceptance.

RECOMMENDATION:
The Director, Tax Services Division, Office of Permitting and Taxation, believes the Proponent has provided sufficient facts to establish doubt as to collectibility and thus recommends acceptance.

9. I have considered the proposition to compromise the liability as charged herein, and, for the reasons embodied in the above abstract and statement, am of the opinion that it will be for the best interest of the United States to ACCEPT REJECT the terms proposed.

10. SIGNATURE AND TITLE [REDACTED]	11. DATE 02/28/2025
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INSTRUCTIONS

Item No:

1. Complete name and address along with any name the proponent is doing business as (d/b/a), operating as, or trading as (t/a).
2. Indicate the office originating the offer.
3. State the dollar amount of the offer submitted by the proponent.
4. This block should show the permit, license, or registry number of the proponent, if the proponent has such a number. If there is no license, permit, or registry number, identify the type of business and the state of operation, e.g., RLD-PA or FAET-NJ.
5. This block should indicate the case number assigned by the Office of Assistant Administrator, Field Operations.
6. For those IRC cases where TTB is reviewing an offer to compromise, an outstanding tax liability due to doubt as to collectibility and/or liability, the full amount of the tax liability (including any penalties, interest and/or additional amounts) should be entered in this block. This amount must agree with the amount shown on the offer form, TTB F 5640.1.
7. This block must contain the proponent's employer identification number (EIN) or, if the proponent has no EIN, the proponent's social security number (SSN).
8. Describe, in separate paragraphs:
 - The business in which the proponent is engaged and to which the offer applies;
 - The violation(s) and number of instances, if appropriate, including all law citation(s) and regulation citation(s);
 - The liabilities to be compromised, if any, and the sections of law and regulations applicable to those liabilities;
 - A statement of the facts, to include the date or tax period, as applicable, and place of the violation(s);
 - The reason for submitting the offer (which may include the amount and terms of the offer) and, if applicable, the basis for doubt as to liability and/or collectibility; and
 - Additional comments, conclusions, and the recommendation of the appropriate TTB official.

Additional pages may be attached to TTB F 5640.3 describing the condition(s) of the offer.

9. The appropriate TTB official signing in Item 10 must check either the "ACCEPT" or "REJECT" block.
10. The signature and title of the appropriate TTB official must appear in this block.
11. The date the offer is accepted or rejected must be indicated in this block.