

JUSTIFICATION

1513-0094

TTB F 5300.26 Federal Firearms and Ammunition Excise Tax

The Firearms Excise Tax Improvement Act of 2010 was signed into law on August 16, 2010. This law amends the Internal Revenue Code of 1986 so that firearms and ammunition excise tax (FAET) payments that were otherwise required to be made by semimonthly deposit will be due and payable on the date of filing of the quarterly FAET tax returns. TTB is currently developing guidance to implement the changes made by the new law. We will continue to provide information as it becomes available.

Please note the pertinent language from the law below:

This Act may be cited as the `Firearms Excise Tax Improvement Act of 2010'.

SEC. 2. TIME FOR PAYMENT OF MANUFACTURERS' EXCISE TAX ON RECREATIONAL EQUIPMENT.

(a) In General- Subsection (d) of section 6302 of the Internal Revenue Code of 1986 (relating to mode or time of collection) is amended to read as follows:

'(d) Time for Payment of Manufacturers' Excise Tax on Recreational Equipment- The taxes imposed by subchapter D of chapter 32 of this title (relating to taxes on recreational equipment) shall be due and payable on the date for filing the return for such taxes.'

(b) Effective Date- The amendment made by subsection (a) shall apply to articles sold by the manufacturer, producer, or importer after the date of the enactment of this Act.

TTB made the following changes to its related forms to align with the changes resulting from this Act:

- We retired TTB F 5300.27, Federal Firearms and Ammunition Excise Tax Deposit
- We made the following changes to TTB F 5300.26, Federal Firearms and Ammunition Excise Tax Return
 1. We eliminated the options of Monthly and Semi-Monthly FAET tax returns (penalty filing periods applied for taxpayers who made untimely deposits.) We changed the Title slightly [**From:** Federal Firearms and Ammunition Excise Tax Return **To:** Federal Firearms and Ammunition Quarterly Excise Tax Return] to further stress the filing period. Since payment is now due with the return, quarterly is the most frequent filing frequency TTB will require.

2. We changed the flow of general information and field labels slightly (same meaning)
3. We split the email address and telephone number into separate fields (current Item 2)
4. Instead of having 2 checkboxes for one-time/occasional and for final returns, we provided checkboxes for quarterly and annual as well. (current Item 4)
5. We provided checkboxes for the 4 pre-defined quarterly tax periods. We do not want taxpayers who begin filing in the middle of a standard quarter to show a quarterly period that starts on their 1st day of operations (current Item 6)
6. We provided a separate field for the year
7. We split the fields for items sold tax-exempt from those sold tax-free and associated only the tax-free sales with the tax-free registration number (Current Item 8)
8. We removed the current Items 21 and 23 for reflecting total deposits made and the amount of over-deposits to be applied to the next tax return
9. We changed the current Item 20 to “My net tax due with this return” to show the amount due with the return
10. We changed the current Item 22 to “Amount I am paying with this return” since we now need a field to represent the payment amount distinct from the liability calculated
11. We removed the current Schedule A (Statement of net liability and deposits made during the quarter) and renamed the remaining Schedules, ‘A’ and ‘B’
12. We removed one row in the new Schedule A (Now Increasing Adjustments)
13. We added drop-downs with the 6 specific reasons why a taxpayer is allowed to take a decreasing adjustment and added room for detailed explanations in the new Schedule B
14. We removed reference to taking the decreasing adjustment from a previous tax period (current Item 37) which corresponds with the current Item 23 on the previous tax return.
15. We added the Condition to Allowance statement so that we do not have to delay processing to obtain the statement later.
16. We updated the instructions.

17. We added the footer that indicates that all previous editions are obsolete so that taxpayers don't continue to use a form that allowed deposits.
18. We added a checkbox for Amended returns.

With the suggested additions and deletions, there will be no change to the burden hours. We are basically eliminating the need for deposits and arranging the form so that it is easier for the industry member to complete. We are requesting approval of this revised form.