

26 U.S.C.

Sec. 5704. Exemption from tax

(a) Tobacco products furnished for employee use or experimental purposes

Tobacco products may be furnished by a manufacturer of such products, without payment of tax, for use or consumption by employees or for experimental purposes, in such quantities, and in such manner as the Secretary shall by regulation prescribe.

(b) Tobacco products and cigarette papers and tubes transferred or removed in bond from domestic factories and export warehouses

A manufacturer or export warehouse proprietor may transfer tobacco products and cigarette papers and tubes, without payment of tax, to the bonded premises of another manufacturer or export warehouse proprietor, or remove such articles, 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; and manufacturers may similarly remove such articles for use of the United States; in accordance with such regulations and under such bonds as the Secretary shall prescribe. Tobacco products and cigarette papers and tubes may not be transferred or removed under this subsection unless such products or papers and tubes bear such marks, labels, or notices as the Secretary shall by regulations prescribe.

(Aug. 16, 1954, ch. 736, 68A Stat. 708; Pub. L. 85-859, title II, Sec. 202, Sept. 2, 1958, 72 Stat. 1418; Pub. L. 88-342, Sec. 1(b), June 30, 1964, 78 Stat. 234; Pub. L. 89-44, title V, Sec. 502(b)(4), June 21, 1965, 79 Stat. 151; Pub. L. 94-455, title XIX, Secs. 1905(a)(26), 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1821, 1834; Pub. L. 99-509, title VIII, Sec. 8011(a)(2), Oct. 21, 1986, 100 Stat. 1952; Pub. L. 101-239, title VII, Sec. 7508(a), Dec. 19, 1989, 103 Stat. 2370; Pub. L. 105-33, title IX, Sec. 9302(h)(1)(A), Aug. 5, 1997, 111 Stat. 673; Pub. L. 106-476, title IV, Sec. 4002(b), Nov. 9, 2000, 114 Stat. 2177.)

Sec. 5741. Records to be maintained

Every manufacturer of tobacco products or cigarette papers and tubes, every importer, and every export warehouse proprietor shall keep such records in such manner as the Secretary shall by regulation prescribe. The records required under this section shall be available for inspection by any internal revenue officer during business hours.

(Aug. 16, 1954, ch. 736, 68A Stat. 715; Pub. L. 85-859, title II, Sec. 202, Sept. 2, 1958, 72 Stat. 1423; Pub. L. 89-44, title V,

Sec. 502(b)(9), June 21, 1965, 79 Stat. 151; Pub. L. 94-455, title XXI,
Sec. 2128(c), Oct. 4, 1976, 90 Stat. 1921.)

27 CFR

Sec. 45.51 Supporting records.

(a) Records of removals. Every manufacturer who removes tobacco products, and cigarette papers and tubes under this part must, in addition to the records kept under part 40 of this chapter, keep a supporting record of such removals and must make appropriate entries therein at the time of removal. The supporting record for each removal must show:

- (1) The date of removal;
- (2) The name and address of the Federal agency to which shipped or delivered;
- (3) The kind and quantity and,
- (4) for large cigars, the sale price.

(b) Records of returns. If any tobacco products, or cigarette papers or tubes removed under this part are returned to the factory, such returns must be noted in the supporting record.

(c) Commercial records. Where the manufacturer keeps, at the factory, copies of invoices or other commercial records containing the information required as to each removal, in such manner that the information may be readily ascertained therefrom, such copies will be considered the supporting record required by this section.

(d) Retention period. The manufacturer must retain the supporting record for 3 years following the close of the year covered therein. The record must be made available for inspection by any appropriate TTB officer upon request.

(Approved by the Office of Management and Budget under control number 1512-0069)

(See 26 U.S.C. 5741)

[T.D. ATF-420, 64 FR 71945, Dec. 22, 1999, as amended by T.D. ATF-472, Feb. 27, 2002]