



Everything You Ever Wanted to Know About Firearms and Ammunition Excise Tax But Were Afraid to Ask

Presented by **Connie Owings,**
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Speakers

- **TTB**
 - **Connie Owings** – Firearms & Ammunition Excise Tax (FAET) Industry Program Analyst
 - **Brian Wissman** – FAET Senior Counsel
 - **Pareasa Stevens** – Supervisor, FAET Group
- **U.S. Fish & Wildlife Service**
 - **Lori Bennett** – Program Analyst, Wildlife and Sport Fish Restoration (WSFR) Program
 - **Joyce Johnson** – Chief, Policy and Programs Division, WSFR

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Responsibilities of the FAET Group

- FAET Group Staffing
- Number of Active FAET Taxpayers
- Fiscal Year 2007 Collections
- Current Names, Addresses, Telephone Numbers, E-mail Addresses, and State Assignments of FAET Group Personnel

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Responsibilities of the FAET Group (Cont'd)

- Changes in Workload Assignments
- Attachments:
 - FAET Information Sheet
 - TTB FAET Collections by Fiscal Year
 - FAET Group Information Sheet

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50 Gun Exemption

- The 50 Gun Exemption was implemented in October 2005
 - 50 Gun Exemption Scenarios
 - Information Sheet: 50 Gun Exemption to the FAET – Filing Claims or Taking Credits
 - TTB Form 5620.8, Claim – Alcohol, Tobacco and Firearms Taxes

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Tax Exempt/Tax-Free Information

- Destroy your copy of ATF Industry Circular 93-5, Tax-Exempt and Tax-Free Sales of Firearms, Shells and Cartridges.
- This ATF circular is obsolete and should not be used as a reference tool.
- TTB is in the process of revising this I.C.
- In your package you will find:
 - Tax-Exempt/Tax-Free Information Packet
 - Tax-Exempt/Tax-Free Reference Chart

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Evidence to Support Tax-Exempt Sales to Military and Coast Guard

- TTB requires acceptable supporting evidence to verify tax-exempt sales to the Department of Defense and the Coast Guard.
- **QUESTION:** What proof does the U.S. Army (or other U.S. military branch) need to furnish to be exempt from FAET when such orders are placed/shipped?

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Evidence to Support Tax-Exempt Sales (Cont'd)

- **ANSWER:**
 - Generally, clearly identified orders or contracts of a military department signed by an authorized officer of the military department is sufficient to establish the right to the exemption.
 - In the absence of such orders or contracts, a statement, signed by an authorized officer of a military department or the Coast Guard that the prescribed articles were purchased with funds appropriated for that military department or the Coast Guard will constitute satisfactory evidence of the right to an exemption.

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- Industry has advised TTB that there are some incorrect versions of statements/certificates in use by the FAET industry (the “I” Forms) that do not meet the regulatory requirements.
- Use the current version of the “I” Form in your package.
- Please destroy all other editions.

- 27 CFR part 73 (see package) provides the conditions under which TTB will allow the industry to:
 1. **Use electronic or digital signatures** executed to online forms instead of traditional handwritten signatures executed on paper forms; and
 2. **Electronically submit** certain forms to TTB.



Electronic Signature and Submission of Forms (Cont'd)

- TTB has determined after review of 27 CFR 53.24 (Records), as well as applicable IRS Revenue Rulings, **that companies can accept and retain, signed and executed faxed copies of certain FAET records provided certain conditions are met.**

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Claims Information

- See your package for the following documents containing “updated” FAET claims information:
 - An updated version of the **FAET Claims Information Packet**
 - An updated **TTB Form 5620.8, Claim – Alcohol, Tobacco and Firearms Taxes**
 - An updated **FAET Claims Information Sheet (Cheat Sheet)**

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Miscellaneous Claims Questions

- “Hypothetical” situations posed by the industry:
 - Sales to the United Nations made through a dealer in New York City. What proof is required?
 - Government agency issues a “generic” purchase order and distributor/dealer invoices and delivers firearms on different dates before submitting an FAET claim for refund. What proof is required?

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Miscellaneous Claims Questions (Cont'd)

- More “hypothetical” situations posed by the industry:
 - A distributor operates at multiple business locations in different States, and with different business names (and licenses). Business sells/transfers firearms from one business to another, after which some firearms are sold and delivered to a tax-exempt local or State government law enforcement agency. What is the “paper trail” to claim an FAET refund?
 - Who can file a claim for credit or refund in a situation where a taxable article is sold – tax-paid – to a second or subsequent manufacturer for use in further manufacture?

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Miscellaneous FAET Information



Miscellaneous FAET Information

- Importations from Puerto Rico
- Constructive Sales Price – Special Rule – Sales to Retailer and at Retail
- Importer of Firearms – Pre-payment of Taxes
- New FAET Lockbox Mailing and Physical Address
- Due Dates and “Legal Holidays”
- Basic Filing Problems

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Miscellaneous FAET Info (Cont'd)

- Police Department Selling Firearms to its Officers
- State and Local Taxes
- Enhancement – Increasing Value of Firearm
- FAET on NFA Weapons
- FAET on Firearms Demonstrations
- Firearms in “Knockdown” Condition

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Importations from Puerto Rico

- Are firearms, shells, and cartridges brought into the United States from Puerto Rico or another United States possession taxable?
- **ANSWER:** Yes!

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Constructive Sale Price Special Rule

- What expenses can be excluded when calculating the “highest wholesale price” when using a constructive sale price for sales to retailers and at retail under the provisions of 26 U.S.C. 4216(b)(2)?

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Pre-Payment of Tax on Imports

- Can an importer of firearms pre-pay FAET?
- **ANSWER:** Yes

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