

INDUSTRY CIRCULAR

OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE
ALCOHOL AND TOBACCO TAX DIVISION



WASHINGTON 25, D. C.

Industry Circular No. 62-13

April 20, 1962

REMOVAL OF TAX-EXEMPT TOBACCO PRODUCTS FOR USE AS SUPPLIES ON UNITED STATES NAVY VESSELS

Proprietors of export warehouses:

Purpose. This industry circular is to furnish you information concerning the removal of tobacco products, without payment of tax, for delivery to United States Navy vessels for consumption as supplies.

Background. Recently there have been several incidents of diversion of tax-exempt cigarettes removed from export warehouses. Removals of such products have been inconsistent with United States Navy procedures and direct delivery was not made to the vessels.

United States Navy Procurement Procedures. The Department of the Navy has advised us that United States Navy vessels may procure tax-exempt tobacco products only when under orders to proceed beyond the jurisdiction of the internal revenue laws of the United States (3-mile limit) and that the procurement document must contain the following certification:

"These tobacco products will be held as sea stores for issue and consumption outside the three-mile limits of the United States.

Commanding Officer"

Responsibility for Delivery. Under the provisions of Sections 290.64, 290.195, and 290.206, proprietors of export warehouses are responsible for direct delivery of tax-exempt tobacco products to United States Navy vessels. Export warehouse proprietors are reminded that they are liable for the tax on such tobacco products until they furnish to the assistant regional commissioner (alcohol and tobacco tax) satisfactory evidence of such proper delivery to the Government vessel.

Retention of Procurement Documents. It would be to your advantage to retain such procurement documents as part of your records in order that Alcohol and Tobacco Tax Officers, in conducting inspections at your warehouses, may readily verify removals for delivery to United States Navy vessels.

Inquiries. Inquiries in regard to this industry circular should refer to its number and be addressed to the office of your assistant regional commissioner (alcohol and tobacco tax).

A handwritten signature in cursive script, appearing to read "Dwight E. Avis".

Dwight E. Avis
Director, Alcohol and Tobacco Tax Division