



INDUSTRY CIRCULAR

**DEPARTMENT OF
THE TREASURY**
Bureau of Alcohol, Tobacco and Firearms
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REVISED GUIDELINES FOR FILING AND RETENTION OF ALCOHOL AND TOBACCO EXCISE TAX RETURNS

Proprietors of Distilled Spirits Plants and Bonded Wineries, Brewers, Manufacturers of Tobacco Products, Manufacturers of Cigarette Papers and Tubes, and Others Concerned.

Purpose. This circular notifies industry members of an ATF procedure which will be published in the next issue of the Alcohol, Tobacco and Firearms Bulletin. The procedure will read substantially as follows.

Section 1. PURPOSE

This ATF Procedure establishes revised guidelines for the filing and retention of alcohol and tobacco excise tax returns. The new guidelines reduce the number of copies required to be filed, superseding the instructions on the alcohol and tobacco tax return forms currently in circulation. Specific instructions incorporated in regulations have been deleted by Treasury Decision ATF-111, published in the Federal Register of September 1, 1982 (47 FR 38521). Regulations now provide for filing in accordance with the instructions on applicable forms. The instructions on ATF tax return forms will be revised to conform to this procedure when the forms are next reprinted. These revised procedures are effective September 1, 1982.

Sec. 2. BACKGROUND

Sections 5061 and 5703, Title 26 of the United States Code, provide that alcohol and tobacco taxes shall be collected by return. ATF regulations in 27 CFR, and the forms prescribed therein, implement the statute with respect to the taxes on distilled spirits, wine, beer, tobacco products and cigarette papers and tubes.

Alcohol and tobacco taxes are administered by ATF. However, the tax returns are filed with the Internal Revenue Service (IRS), which performs a

cashier function and transmits evidence of payment to ATF. Under existing procedures, multiple copies of returns have been required to be filed with IRS and ATF to provide record copies for both agencies and a receipted copy to the taxpayer (with retention of such copy specifically required for certain taxes). These requirements were deleted by T.D. ATF-111.

IRS has instructed its service centers to begin forwarding all copies of alcohol and tobacco tax returns to ATF, with full receipt data to be entered on the original return only. ATF will be modifying the instructions on its forms to reduce the number of copies filed and to delete references to retention of a receipted copy.

This ATF procedure provides interim guidance to enable taxpayers to begin realizing immediately the administrative cost savings resulting from streamlined filing requirements.

Sec. 3. CHANGES IN PROCEDURE

Taxpayers presently file an original and two copies of each tax return with their IRS District Director. Under the interim guidelines, taxpayers may file an original only. The tax return, with payment, will still be filed with the appropriate IRS office. After processing by IRS, the original returns will be forwarded to ATF.

Taxpayers also file a copy of each return with the ATF Regional Regulatory Administrator at the same time as the original is filed with IRS. This requirement was terminated by T.D. ATF-111.

The net result is that tax returns now prepared in quintuplicate and filed in quadruplicate may be prepared in duplicate with only an original required to be filed. This change brings the procedures for filing alcohol and tobacco tax returns into conformity with the requirements applicable to most other Federal returns.

Retention of a copy of all returns is prescribed by ATF regulations applicable to each type of tax (19.741(a)(4); 240.924; 245.232; 270.185 and 285.31). These general requirements are unchanged under the interim guidelines, as a copy of the return is required

for use in tax compliance examinations. However, the customary procedure (which had been specifically required by regulation for some returns) has been for the taxpayer to retain the IRS receipted copy that the district director or service center returned to him as the "official" record copy. Since IRS service centers will no longer be providing such copies, the regulatory requirements for retaining receipted copies have been eliminated by T.D. ATF-111. Therefore, the copy which the proprietor retains at the time of filing, previously treated as a "suspense" copy pending return of the IRS receipted copy, will be the required record copy. Taxpayers may wish to modify their internal procedures to assure that this copy is a true reproduction of the original return and that proofs of timely mailing, canceled checks or other evidence of timely payment are retained and attached to or referenced on this copy. Taxpayers who wish to continue to maintain a receipted copy have the option of delivering each return to the IRS district director and having a copy receipted.

Sec. 4. EFFECT ON OTHER DOCUMENTS

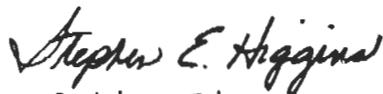
The guidelines contained in this ATF procedure supersede the requirements presently printed as instructions to ATF tax return forms.

Sec. 5. EFFECTIVE DATE

All alcohol and tobacco excise taxpayers may begin filing their tax returns in accordance with the guidelines set forth in this procedure as of September 1, 1982.

Sec. 6. INQUIRIES

Inquiries concerning this circular should refer to its number and be addressed to the office of the appropriate Regional Regulatory Administrator, Bureau of Alcohol, Tobacco and Firearms.


Acting Director