

# 2007 TTB Tobacco Industry Seminar

Federal Compliance Training for  
the Tobacco Industry

*July 17, 2007*



Alcohol and Tobacco Tax and Trade Bureau

The background of the slide is a composite image. On the left, there is a close-up of a cigarette pack with several cigarettes visible. In the center and right, there are large, vibrant green tobacco leaves. On the far right, there are several cigarettes standing upright, showing their filters. The overall image is slightly faded to allow the text to be prominent.

# **Tobacco Importers & Manufacturers Taxes**

**Tobacco Tax Group  
National Revenue Center**

# Excise Taxes Paid by Tobacco Importers

- Per Title 27 Code of Federal Regulations 41.62, Internal revenue taxes on tobacco products and cigarette papers and tubes, imported or brought into the United States, which are to be paid to the Port Director of Customs or other authorized customs employee, in accordance with this part, must be collected, accounted for, and deposited as internal revenue collections by the Port Director of Customs, in accordance with customs procedures and regulations.

# Excise Tax Returns



# Excise Taxes Paid by Tobacco Manufacturers are Filed on TTB Form 5000.24

- Per 27 CFR 40.162, every manufacturer of tobacco products shall file, for each of his factories, a semi-monthly tax return for each return period, including any period during which a manufacturer begins or discontinues business.
- A return shall be executed and filed regardless of whether tobacco products are removed or whether tax is due for that particular return period.

# Return Periods of Semi-Monthly Filers (Non-EFT Payers)

## 27 CFR 40.163

- The periods to be covered by semi-monthly returns shall run from the 1<sup>st</sup> day through the 15<sup>th</sup> day of each month, and from the 16<sup>th</sup> through the last day of each month.

## 27 CFR 40.164

- Except for the month of September. The second semi-monthly period for the month of September shall be divided into two payment periods from the 16<sup>th</sup> day through the 26<sup>th</sup> day, and from the 27<sup>th</sup> day through the 30<sup>th</sup> day.

# Due Dates for Semi-Monthly Filers (Non-EFT Payers)

- Per 27 CFR 40.165, the proprietor shall file a semi-monthly tax return no later than the 14<sup>th</sup> day after the last day of the return period.
- Except for the month of September. The return from the 16<sup>th</sup> day to the 26<sup>th</sup> day shall be filed no later than September 29<sup>th</sup>. The return for the 27<sup>th</sup> – 30<sup>th</sup> day, shall be filed no later than October 14<sup>th</sup>.

# Payment of Tax by Electronic Fund Transfer (EFT)

- Per 27 CFR 40.165a, each taxpayer who was liable, during a calendar year, for a gross amount equal to or exceeding \$5,000,000 dollars in taxes on tobacco products, cigarette papers, and cigarette tubes, shall use a commercial bank in making payment by electronic funds transfer (EFT) of taxes during the next succeeding calendar year.
- For each return filed in accordance with this part, the taxpayer shall direct the taxpayer's bank to make an EFT in the amount of the tax payment to the Treasury Account.

- EFT payments may be made by Fedwire, Automated Clearing House, or Pay.gov.
- The request shall be made to the bank early enough for the transfer to be made by no later than the close of business on the last day for filing the return.
- The request shall take into account any time limit established by the bank.



# What Happens if the Excise Taxes Are Not Paid?

- Title 26, U.S.C., Section 6201 – “the secretary is authorized and required to make assessments of all taxes” (including interest and assessable penalties)
- Assessment is a formal recording of a taxpayer’s tax liability.

# Penalties

- 26 U.S.C., Chapter 68 allows for penalties to be imposed for delinquent taxes and returns.

1. Failure to File
2. Failure to Pay
3. Failure to Deposit



**DEPARTMENT OF THE TREASURY**  
**ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (TTB)**  
**EXCISE TAX RETURN**

*(Prepare in duplicate - See instructions on back)*

2. FORM OF PAYMENT <input type="checkbox"/> CHECK <input type="checkbox"/> MONEY ORDER <input type="checkbox"/> EFT <input type="checkbox"/> OTHER <i>(Specify)</i> _____		1. SERIAL NUMBER
4. RETURN COVERS <i>(Check one)</i> <input type="checkbox"/> PREPAYMENT <input type="checkbox"/> PERIOD		3. AMOUNT OF PAYMENT \$ _____
5. DATE PRODUCTS TO BE REMOVED <i>(For Prepayment Returns Only)</i> BEGINNING _____ ENDING _____		NOTE: PLEASE MAKE CHECKS OR MONEY ORDERS PAYABLE TO THE ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (SHOW EMPLOYER IDENTIFICATION NUMBER ON ALL CHECKS OR MONEY ORDERS)
6. EMPLOYER IDENTIFICATION NUMBER	7. PLANT, REGISTRY, OR PERMIT NUMBER	
8. NAME AND ADDRESS OF TAXPAYER <i>(Include ZIP Code)</i>		<b>FOR TTB USE ONLY</b>
		TAX \$ _____
		PENALTY _____
		INTEREST _____
		TOTAL \$ _____
		EXAMINED BY: _____
		DATE EXAMINED: _____

**CALCULATION OF TAX DUE** *(Before making entries on lines 18 - 21, complete Schedules A and B)*

PRODUCT <i>(a)</i>	AMOUNT OF TAX <i>(b)</i>
9. DISTILLED SPIRITS	\$ _____
10. WINE	_____
11. BEER	_____
12. CIGARS	_____
13. CIGARETTES	_____
14. CIGARETTE PAPERS AND/OR CIGARETTE TUBES	_____
15. CHEWING TOBACCO AND/OR SNUFF	_____
16. PIPE TOBACCO AND/OR ROLL-YOUR-OWN TOBACCO	_____
17. TOTAL TAX LIABILITY <i>(Total of lines 9-16)</i>	\$ _____
18. ADJUSTMENTS INCREASING AMOUNT DUE <i>(From line 29)</i>	_____
19. GROSS AMOUNT DUE <i>(Line 17 plus line 18)</i>	\$ _____
20. ADJUSTMENTS DECREASING AMOUNT DUE <i>(From line 34)</i>	_____
21. AMOUNT TO BE PAID WITH THIS RETURN <i>(Line 19 minus line 20)</i>	\$ _____

Under penalties of perjury I declare that I have examined this return *(including any accompanying explanations, statements, schedules, and forms)* and to the best of my knowledge and belief it is true, correct, and includes all transactions and tax liabilities required by law or regulations to be reported.

22. DATE	23. SIGNATURE	24. TITLE
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**SCHEDULE A - ADJUSTMENTS INCREASING AMOUNT DUE**

EXPLANATION OF INDIVIDUAL ERRORS OR TRANSACTIONS <i>(a)</i>	AMOUNT OF ADJUSTMENTS		
	<i>(b)</i> TAX	<i>(c)</i> INTEREST	<i>(d)</i> PENALTY
25.	\$ _____	_____	\$ _____
26.	_____	_____	_____
27.	_____	_____	_____
28. SUBTOTALS OF COLUMNS (b), (c) AND (d)	\$ _____	\$ _____	\$ _____
29. TOTAL ADJUSTMENTS INCREASING AMOUNT DUE <i>(Line 28, Col (b) + (c) + (d))</i> Enter here and on line 18.	_____	_____	\$ _____

**SCHEDULE B - ADJUSTMENTS DECREASING AMOUNT DUE**

EXPLANATION OF INDIVIDUAL ERRORS OR TRANSACTIONS <i>(a)</i>	AMOUNT OF ADJUSTMENTS	
	<i>(b)</i> TAX	<i>(c)</i> INTEREST
30.	\$ _____	\$ _____
31.	_____	_____
32.	_____	_____
33. SUBTOTALS OF COLUMNS (b) and (c)	\$ _____	\$ _____
34. TOTAL ADJUSTMENTS DECREASING AMOUNT DUE <i>(Line 33, Col (b) + (c))</i> Enter here and on line 20.	_____	\$ _____

**DEPARTMENT OF THE TREASURY**  
**ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (TTB)**  
**EXCISE TAX RETURN**

(Prepare in duplicate - See instructions below)

**2. FORM OF PAYMENT**

CHECK  MONEY ORDER  EFT  OTHER (Specify) \_\_\_\_\_

**4. RETURN COVERS (Check one)**

PREPAYMENT  PERIOD

BEGINNING \_\_\_\_\_

ENDING \_\_\_\_\_

**5. DATE PRODUCTS TO BE REMOVED (For Prepayment Returns Only)****6. EMPLOYER IDENTIFICATION NUMBER****7. PLANT, REGISTRY, OR PERMIT NUMBER****8. NAME AND ADDRESS OF TAXPAYER (Include ZIP Code)****1. SERIAL NUMBER****3. AMOUNT OF PAYMENT**

\$ \_\_\_\_\_

**NOTE: PLEASE MAKE CHECKS OR MONEY ORDERS PAYABLE TO THE ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (SHOW EMPLOYER IDENTIFICATION NUMBER ON ALL CHECKS OR MONEY ORDERS)**

**FOR TTB USE ONLY**

TAX \$ \_\_\_\_\_

PENALTY \_\_\_\_\_

INTEREST \_\_\_\_\_

TOTAL \$ \_\_\_\_\_

EXAMINED BY: \_\_\_\_\_

DATE EXAMINED: \_\_\_\_\_

18. ADJUSTMENTS INCREASING AMOUNT DUE (From line 29)

19. GROSS AMOUNT DUE (Line 17 plus line 18)

\$ \_\_\_\_\_

20. ADJUSTMENTS DECREASING AMOUNT DUE (From line 34)

21. AMOUNT TO BE PAID WITH THIS RETURN (Line 19 minus line 20)

\$ \_\_\_\_\_

Under penalties of perjury I declare that I have examined this return (including any accompanying explanations, statements, schedules, and forms) and to the best of my knowledge and belief it is true, correct, and includes all transactions and tax liabilities required by law or regulations to be reported.

22. DATE

23. SIGNATURE

24. TITLE

**SCHEDULE A - ADJUSTMENTS INCREASING AMOUNT DUE**

EXPLANATION OF INDIVIDUAL ERRORS OR TRANSACTIONS (a)	AMOUNT OF ADJUSTMENTS		
	(b) TAX	(c) INTEREST	(d) PENALTY
25. _____	\$ _____	_____	\$ _____
26. _____	_____	_____	_____
27. _____	_____	_____	_____
28. SUBTOTALS OF COLUMNS (b), (c) AND (d)	\$ _____	\$ _____	\$ _____
29. TOTAL ADJUSTMENTS INCREASING AMOUNT DUE (Line 28, Col (b) + (c) + (d)) Enter here and on line 18.	_____	_____	\$ _____

**SCHEDULE B - ADJUSTMENTS DECREASING AMOUNT DUE**

EXPLANATION OF INDIVIDUAL ERRORS OR TRANSACTIONS (a)	AMOUNT OF ADJUSTMENTS	
	(b) TAX	(c) INTEREST
30. _____	\$ _____	\$ _____
31. _____	_____	_____
32. _____	_____	_____
33. SUBTOTALS OF COLUMNS (b) and (c)	\$ _____	\$ _____
34. TOTAL ADJUSTMENTS DECREASING AMOUNT DUE (Line 33, Col (b) + (c)) Enter here and on line 20.	_____	\$ _____

DEPARTMENT OF THE TREASURY ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (TTB) <b>EXCISE TAX RETURN</b> <i>(Prepare in duplicate - See instructions on back)</i>		OMB No. 1513-0083 (01/31/2005)
2. FORM OF PAYMENT <input type="checkbox"/> CHECK <input type="checkbox"/> MONEY ORDER <input type="checkbox"/> EFT <input type="checkbox"/> OTHER (Specify) _____		1. SERIAL NUMBER _____
4. RETURN COVERS (Check one) <input type="checkbox"/> PREPAYMENT <input type="checkbox"/> PERIOD _____ BEGINNING _____		3. AMOUNT OF PAYMENT \$ _____
		NOTE: PLEASE MAKE CHECKS OR MONEY ORDERS PAYABLE TO THE ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (SHOW EMPLOYER IDENTIFICATION NUMBER ON ALL

**CALCULATION OF TAX DUE (Before making entries on lines 18 - 21, complete Schedules A and B)**

PRODUCT (a)	AMOUNT OF TAX (b)
9. DISTILLED SPIRITS	\$ _____
10. WINE	_____
11. BEER	_____
12. CIGARS	_____
13. CIGARETTES	_____
14. CIGARETTE PAPERS AND/OR CIGARETTE TUBES	_____
15. CHEWING TOBACCO AND/OR SNUFF	_____
16. PIPE TOBACCO AND/OR ROLL-YOUR-OWN TOBACCO	_____
17. TOTAL TAX LIABILITY (Total of lines 9-16)	\$ _____
18. ADJUSTMENTS INCREASING AMOUNT DUE (From line 29)	_____
19. GROSS AMOUNT DUE (Line 17 plus line 18)	\$ _____
20. ADJUSTMENTS DECREASING AMOUNT DUE (From line 34)	_____
21. AMOUNT TO BE PAID WITH THIS RETURN (Line 19 minus line 20)	\$ _____

Under penalties of perjury I declare that I have examined this return (including any accompanying explanations, statements, schedules, and forms) and to the best of my knowledge and belief it is true, correct, and includes all transactions and tax liabilities required by law or regulations to be reported.

22. DATE	23. SIGNATURE	24. TITLE
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32.		
33. SUBTOTALS OF COLUMNS (b) and (c)	\$ _____	\$ _____
34. TOTAL ADJUSTMENTS DECREASING AMOUNT DUE (Line 33, Col (b) + (c)) Enter here and on line 20.	\$ _____	\$ _____
TTB F 5000 24 (5/2005)		

OMB No. 1513-0083 (01/31/2005)

<b>DEPARTMENT OF THE TREASURY</b> ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (TTB) <b>EXCISE TAX RETURN</b> <i>(Prepare in duplicate - See instructions on back)</i>		1. SERIAL NUMBER
2. FORM OF PAYMENT <input type="checkbox"/> CHECK <input type="checkbox"/> MONEY ORDER <input type="checkbox"/> EFT <input type="checkbox"/> OTHER (Specify) _____		3. AMOUNT OF PAYMENT \$
4. RETURN COVERS (Check one) <input type="checkbox"/> PREPAYMENT <input type="checkbox"/> PERIOD		NOTE: PLEASE MAKE CHECKS OR MONEY ORDERS PAYABLE TO THE ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (SHOW EMPLOYER IDENTIFICATION NUMBER ON ALL CHECKS OR MONEY ORDERS)
BEGINNING _____ ENDING _____		
5. DATE PRODUCTS TO BE REMOVED (For Prepayment Returns Only)		FOR TTB USE ONLY
6. EMPLOYER IDENTIFICATION NUMBER	7. PLANT, REGISTRY, OR PERMIT NUMBER	TAX \$
8. NAME AND ADDRESS OF TAXPAYER (Include ZIP Code)		PENALTY
		INTEREST
		TOTAL \$
		EXAMINED BY:
		DATE EXAMINED:
CALCULATION OF TAX DUE (Before making entries on lines 18 - 21, complete Schedules A and B)		
PRODUCT (a)		AMOUNT OF TAX (b)
9. DISTILLED SPIRITS		\$
10. WINE		
11. BEER		
12. CIGARS		
13. CIGARETTES		

SCHEDULE A - ADJUSTMENTS INCREASING AMOUNT DUE			
EXPLANATION OF INDIVIDUAL ERRORS OR TRANSACTIONS (a)	AMOUNT OF ADJUSTMENTS		
	(b) TAX	(c) INTEREST	(d) PENALTY
25.	\$		\$
26.			
27.			
28. SUBTOTALS OF COLUMNS (b), (c), AND (d)	\$	\$	\$
29. TOTAL ADJUSTMENTS INCREASING AMOUNT DUE (Line 28, Col (b) + (c) + (d)) Enter here and on line 18.			\$
SCHEDULE B - ADJUSTMENTS DECREASING AMOUNT DUE			
EXPLANATION OF INDIVIDUAL ERRORS OR TRANSACTIONS (a)	AMOUNT OF ADJUSTMENTS		
	(b) TAX	(c) INTEREST	
30.	\$	\$	
31.			
32.			
33. SUBTOTALS OF COLUMNS (b) and (c)	\$	\$	
34. TOTAL ADJUSTMENTS DECREASING AMOUNT DUE (Line 33, Col (b) + (c)) Enter here and on line 20.			\$

TTB F 6000.24 (6/2005)

INSTRUCTIONS

1. Prepare TTB F 5000.24, Excise Tax Return, in duplicate. The return must cover all tax liabilities incurred or discovered during the tax period.
2. Prepare a separate TTB F 5000.24 for each distilled spirits plant, bonded wine cellar or winery, brewery, tobacco products factory, or cigarette papers and tubes factory from which you make removals subject to tax.
3. TTB Form 5000.24 must be used as both a prepayment tax return and a deferred payment tax return. Except as noted below, you must file TTB F 5000.24 for each tax return period, whether or not you prepaid all tax liabilities incurred during the period. Exceptions: (a) distilled spirits plant proprietors who do not have an approved bond covering the deferred payment of taxes; (b) proprietors of bonded wine cellars or wineries who have no tax due, per 27 CFR 24.271, or who are eligible to pay annually per 27 CFR 24.273; (c) manufacturers of tobacco products who have complied with the provisions of 27 CFR 40.162; and (d) manufacturers of cigarette papers and tubes who have complied with the provisions of 27 CFR 40.
4. Export warehouse proprietors transmitting remittances for unassessed liabilities (27 CFR 44.67) must prepare TTB F 5000.24. The proprietor must complete items 2, 3, 5-8, and 22-24. Also complete appropriate line items under Calculation of Tax Due and make any necessary explanation in item 35.
5. **ITEM 1.** Begin with "1" January 1 of each year. Use a separate series of numbers with the prefix "P" to designate prepayment returns. Begin with "P-1" to designate the first prepayment return filed on or after January 1 of each year.
6. If this form contains pre-printed information in items 6, 7, or 8, and the information is incorrect, make the necessary corrections by crossing out any errors and printing the correct information in the same area. If there is no pre-printed information in these areas, print or type the required information in the spaces provided.
7. **ITEM 6.** Enter your employer identification number here and on all checks or money orders which accompany your return. If you have not been assigned an employer identification number, you must obtain and file Form SS-4 with your local Internal Revenue Service office.
8. **LINES 9-21.** Show on the appropriate line or lines the amount of tax being prepaid or, if the return covers a tax return period, the tax liability incurred during the period. If the return covers a tax return period, you must include at lines 9-16 all tax liabilities incurred during the period even if you have already prepaid the tax. (You will show prepayments in Schedule B as adjustments decreasing the amount due.)  
Brewers must calculate the amount of tax reported at Line 11 using net taxable removals during the return period. For any return period, net taxable removals equal the total number of barrels removed for consumption or sale minus the total number of barrels returned to the brewery from which removed during the same period.
9. **SCHEDULE A.** Use Schedule A to report adjustments increasing the amount due (for example, an error in a previous return period that resulted in an underpayment of tax). In addition, proprietors of distilled spirits plants must use Schedule A to report the tax and interest, if any, on unexplained shortages of bottled distilled spirits, as required by 26 U.S.C. 5005(a) (1) (C), and proprietors of small winery premises who overestimated their wine credits must compute the tax and interest as required by 27 CFR 24.279(a).
10. **SCHEDULE B.** Use Schedule B to report adjustments decreasing the amount due (for example, an error in a previous return period that resulted in an overpayment of tax). Prepayments of tax, claims approved for credit of tax, the number of gallons and the applicable tax credit allowed for being a small winery, and other authorized adjustments must be reported in Schedule B. You may carry over to Schedule B of your next tax return the unused portion of any approved tax credits or adjustments.
11. **EXPLANATION OF ADJUSTMENTS.** You must fully explain adjustments reported in Schedules A and B. Identify any prepayments by serial number of the tax return on which the tax was prepaid. Identify approved claims by claim number. In all other cases, you must enter, as a minimum, the date of the transaction (the date of an error, the date a shortage was found, etc.), the identity and quantity of the product involved in the adjustment, and the reason for the adjustment. If necessary, use the space above or attach a separate sheet to explain adjustments fully.
12. **INTEREST.** The law provides for the payment of interest on underpayments and overpayments of tax. Interest, if applicable, will be computed at the rate prescribed by 26 U.S.C. 6621 and reported as a separate entry in Schedule A or B. To avoid paying interest on unexplained shortages of bottled distilled spirits, you must report the shortage on the tax return covering the period in which you discovered the shortage. Interest is not allowed on adjustments involving the prepayment of tax or approved claims for credit of tax (unless the approved claim specifically authorized such interest).  
Compute the interest on underpayments from the due date of the return in error to the date of payment. Compute the interest on overpayments from the date of overpayment to the due date of the return on which the credit is taken.
13. Enter "NONE" in Schedule A or Schedule B if there is no transaction.
14. Payment must accompany this form except when the payment is by electronic funds transfer (EFT).
15. Mail this return to:  
TTB  
Excise Tax  
P. O. Box 360958  
Pittsburgh, PA 15261-6958

PAPERWORK REDUCTION ACT NOTICE

This request is in accordance with the Paperwork Reduction Act of 1995. The purpose of this information is to identify taxpayers, the period covered, and the amount of tax due for each tax return. The information is used by the Government to ensure that the correct tax payment was made and received. The information is mandatory by statute (26 U.S.C., 5061, 5703).

The estimated average burden associated with this collection is .75 hour per respondent or recordkeeper depending on individual circumstances. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Reports Management Officer, Regulations and Rulings Division, Alcohol and Tobacco Tax and Trade Bureau, Washington, D.C. 20220.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a current, valid OMB control number.

**Alcohol & Tobacco Due Dates  
for Semi-monthly Tax Returns  
for Revenue Producing Plants  
Calendar Year 2007**

Serial Number	Return Period	Due Date
1	January 1-15, 2007	January 29, 2007
2	January 16-31	February 14
3	February 1-15	March 1
4	February 16-28	March 14
5	March 1-15	March 29
6	March 16-31	April 13
7	April 1-15	April 27
8	April 16-30	May 14
9	May 1-15	May 29
10	May 16-31	June 14
11	June 1-15	June 29
12	June 16-30	July 13
13	July 1-15	July 27
14	July 16-31	August 14
15	August 1-15	August 29
16	August 16-31	September 14
17	September 1-15	September 28
18	September 16-25	September 28 Non-EFT*
18	September 16-26	September 28 EFT*
19	September 26-30	October 12 Non-EFT*
19	September 27-30	October 12 EFT*
20	October 1-15	October 29
21	October 16-31	November 14
22	November 1-15	November 29
23	November 16-30	December 14
24	December 1-15	December 28
25	December 16-31	January 14, 2008

The above list takes into account all federal holidays. In the event that the due date, as indicated in this schedule, falls on a statewide legal holiday in the state where the return is required to be filed, the due date is the immediately preceding date which is not a Saturday, Sunday or legal holiday for Non-EFT payers.

Statewide legal holidays would not advance the due date of EFT tax returns and payments as long as the Federal Reserve Bank of New York City remains open and accepts electronic fund transfer payments.

For Pay.gov payments: Your ACH payment must be completed no later than 4:00 PM Eastern Time one business day prior to the due date.

# If you need help, call us at the National Revenue Center



- Contact an NRC Specialist in the Tobacco Tax Group
- 8002 FOB
- 550 Main Street
- Cincinnati, OH 45202
- 1-877-882-3277 or 513-684-3335