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## THIS ISSUE

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### MAY MANUFACTURERS AND IMPORTERS OF LARGE CIGARS EXCLUDE THE "TOBACCO BUYOUT" ASSESSMENTS PAID TO THE USDA COMMODITY CREDIT CORPORATION FROM THE TAXABLE PRICE OF LARGE CIGARS?

No. Section 5702(l) of the Internal Revenue Code of 1986 (IRC) provides that, in determining the price of cigars for Federal excise tax purposes, the following shall be excluded:

- the amount of tax imposed by Chapter 52 of the IRC,
- the amount of tax imposed by 26 U.S.C. 7652, which concerns shipments to the United States from Puerto Rico and the Virgin Islands, and
- if stated as a separate charge, the amount of any retail sales tax imposed by any State or political subdivision thereof, or the District of Columbia, whether the liability for such tax is imposed on the vendor or vendee.

No other exclusions are provided in Section 5702(l). Under the Fair and Equitable Tobacco Reform Act of 2004 (P.L. 108-357), beginning in fiscal year 2005, the United States Department of Agriculture (USDA) Commodity Credit Corporation has imposed quarterly assessments on tobacco product manufacturers and importers. The assessments will continue through fiscal year 2014. The USDA assessment payments are not taxes imposed under the IRC, or State or local taxes. Manufacturers and importers may not exclude these payments in determining the price of cigars for Federal excise tax purposes. Any questions about the USDA assessment program should be directed to USDA. For more information, visit the [Tobacco](#) page at USDA's Farm Service Agency website.

### TOBACCO GUIDANCE, COMPLIANCE AND REGULATORY INFORMATION FROM THE FOOD AND DRUG ADMINISTRATION

FDA resources on legal, regulatory, and policy issues related to tobacco products are available on the FDA.gov [Tobacco Products Guidance, Compliance & Regulatory Information](#) page.

Recent additions to this website include:

Greetings! We hope you are having a brilliant and thoughtful month. This edition includes information for manufacturers and importers of large cigars, as well as FDA resources on legal, regulatory, and policy issues related to tobacco products and a link to their website.

If you have content ideas or questions for the editors please send them to:

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- [Guidance for Industry and FDA Staff: Use of "Light," "Mild," "Low," or Similar Descriptors in the Label, Labeling, or Advertising of Tobacco Products](#)
  - [Draft Guidance for Industry and FDA Staff: "Harmful and Potentially Harmful Constituents" in Tobacco Products as Used in Section 904\(e\) of the Federal Food, Drug, and Cosmetic Act](#)
  - [Guidance for Industry: Enforcement Policy Concerning Rotational Warning Plans for Smokeless Tobacco Products](#)
  - [Draft Guidance for Industry: Compliance with Regulations Restricting the Sale and Distribution of Cigarettes and Smokeless Tobacco To Protect Children and Adolescents](#)
  - [Guidance for Industry and FDA Staff: Enforcement Policy Concerning Certain Regulations Restricting the Sale and Distribution of Cigarettes and Smokeless Tobacco](#)
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