

operating the business of a manufacturer of processed tobacco, or upon any occurrence that results in a person acquiring ownership or control of more than ten percent in aggregate of the outstanding stock of such corporation, the manufacturer shall, within 30 days of such action, so notify the appropriate TTB officer in writing, giving the identity of such person. When there is any change in the authority furnished under § 40.494 for officers to act in behalf of the corporation, the manufacturer shall immediately so notify the appropriate TTB officer in writing.

(d) *Change in control of corporation.* When the issuance, sale, or transfer of the stock of a corporation operating as a manufacturer of processed tobacco results in a change in the identity of the principal stockholders exercising actual or legal control of the operations of the corporation, the corporate manufacturer shall, within 30 days after the change occurs, make application on TTB F 5200.3 for a new permit. Otherwise, the present permit shall be automatically terminated at the expiration of such 30-day period, and the manufacturer shall dispose of all processed tobacco on hand, make a concluding inventory and concluding report, in accordance with the provisions of §§ 40.523 and 40.522, respectively, and surrender the permit with such inventory and report. If the application for a new permit is timely made, the present permit shall continue in effect pending final action with respect to such application.

**§ 40.513 Change in location or address of factory.**

Whenever a manufacturer of processed tobacco intends to relocate its factory, the manufacturer shall, before commencing operations at the new location, make application on TTB F 5200.16 for, and obtain, an amended permit. Whenever any change occurs in the address, but not the location, of the factory of a manufacturer of processed tobacco as a result of action of local authorities, the manufacturer shall, within 30 days of such change, make application on TTB F 5200.16 for an amended permit.

EFFECTIVE DATE NOTE: By T.D. TTB-80, at 74 FR 37552, July 29, 2009, § 40.513 was amend-

ed in the first sentence by after the phrase "make application on TTB F 5200.16 for" adding the phrase ", and obtain," effective July 29, 2009 through June 22, 2012.

OPERATIONS BY MANUFACTURERS OF  
PROCESSED TOBACCO

**§ 40.521 Record of processed tobacco.**

(a) Every manufacturer of processed tobacco and every manufacturer of tobacco products who removes processed tobacco from the factory for any purpose other than destruction must keep records of daily operations and transactions that show total quantity of processed tobacco:

- (1) On hand;
- (2) Used in the manufacture of tobacco products;
- (3) Processed;
- (4) Received, together with the name and address of the person from which it was received;
- (5) Removed from the factory for shipment to a person holding a TTB permit as a manufacturer of processed tobacco, a manufacturer of tobacco products, or an export warehouse proprietor, together with the name and address of the person to whom shipped or delivered;
- (6) Removed from the factory for shipment to a person not holding a TTB permit as a manufacturer of processed tobacco, a manufacturer of tobacco products, or an export warehouse proprietor;
- (7) Removed from the factory for export;
- (8) Removed for any purpose other than described in paragraphs (a)(5), (6), and (7) of this section;
- (9) Lost, together with the circumstances of the loss; and
- (10) Destroyed, together with the circumstances of the destruction.

(b) The records of any manufacturer of processed tobacco who removes processed tobacco from the factory for shipment to a person who does not hold a TTB permit as a manufacturer of processed tobacco, as a manufacturer of tobacco products, or as an export warehouse proprietor must include dated, commercial records that show the following information about each removal under this paragraph:

## § 40.522

(1) The full name and address (including city and State) of the purchaser (or recipient, if there is no purchaser);

(2) The full name, address (including city and State), and driver's license number of the person picking up the processed tobacco for delivery;

(3) The license number of the vehicle in which the processed tobacco is removed from the manufacturer's premises;

(4) The street address of the destination of the processed tobacco;

(5) The quantity of processed tobacco in the shipment;

(6) A declaration by the purchaser (or recipient, if no purchaser) of the specific purpose of the purchase or receipt (for example, delivery to another, resale); and

(7) A declaration by the purchaser (or recipient, if no purchaser) of the name and address of his or her principal when acting as an agent.

(c) The entries in the records of removals required under this section must be made for each day by the close of the business day following the day on which the removal occurs. Although no particular format for the records in this section is prescribed, the required information must be readily ascertainable from the records kept.

(26 U.S.C. 5741)

### § 40.522 Reports.

(a) *General.* Every manufacturer of processed tobacco must prepare a monthly report on TTB F 5250.1 in accordance with the instructions for the form. The report must be prepared at the times specified in this section and must be prepared whether or not any operations or transactions occurred during the period covered by the report. The manufacturer must retain a copy of each report in accordance with the provisions of this subpart.

(b) *First report(s).* The first monthly report must be submitted by the 20th day of the month following the month in which the permit or authorization is issued. If the manufacturer is operating as a manufacturer of processed tobacco under the transitional rule set forth in § 40.493, the manufacturer must submit the first report by the 20th day of the month following the month in which TTB provides written acknowl-

## 27 CFR Ch. I (4–1–10 Edition)

edgement of the receipt of the application filed under § 40.492. In the transitional case, the manufacturer must also submit reports for all previous months back to April 2009. For example, a manufacturer who receives an acknowledgement, dated July 17, 2009, must submit by August 20, 2009, a total of four reports, one each for April, May, June, and July 2009.

(c) *Reports of no activity.* Reports with the notation "No Activity" must be made for those months in which no activity occurs.

(d) *Reports of removals.* A manufacturer who removes processed tobacco for shipment to someone other than a person holding a TTB permit as a manufacturer of processed tobacco, a manufacturer of tobacco products, or an export warehouse proprietor must report such removal on TTB F 5250.2 by the close of the business day on the day following the removal, in accordance with the instructions on the form. A manufacturer operating under the transitional rule set forth in § 40.493 must also comply with the requirements of this paragraph.

(e) *Concluding report.* A concluding report, covering the period from the first of the month to the date of the concluding inventory, shall be made with such inventory.

(26 U.S.C. 5722)

EFFECTIVE DATE NOTE: By T.D. TTB-80, at 74 FR 37552, July 29, 2009, § 40.522 was amended in the last sentence of paragraph (b) by revising the date "August 15, 2009" to read "August 20, 2009", effective July 29, 2009 through June 22, 2012.

### § 40.523 Inventories.

Every manufacturer of processed tobacco must provide a true and accurate inventory on TTB F 5210.9 in accordance with instructions for the form. The manufacturer must make such an inventory at the time of commencing business, at the time of transferring ownership, at the time of changing location of the factory, at the time of concluding business, and at such other time as any appropriate TTB officer may require. In the case of a manufacturer operating under the transitional rule set forth in § 40.493, that manufacturer must make an inventory within