§ 41.119 Corporate surety.

(a) Surety bonds, required under the provisions of this subpart, may be given only with corporate sureties holding certificates of authority from the Secretary of the Treasury as acceptable sureties on Federal bonds. Limitations concerning corporate sureties are prescribed by the Secretary in the current revision of Treasury Department Circular No. 570 (Companies Holding Certificates of Authority as Acceptable Sureties on Federal Bonds and as Acceptable Reinsuring Companies). The surety shall have no interest whatever in the business covered by the bond.

(b) Treasury Department Circular No. 570 is published in the Federal Register annually as of the first workday of July. As they occur, interim revisions of the circular are published in the Federal Register. Copies may be obtained from the Audit Staff, Bureau of Government Financial Operations, Department of the Treasury, Washington, DC 20226.

(July 30, 1947, ch. 390, 61 Stat. 648, as amended (6 U.S.C. 6, 7))

§ 41.120 Deposit of securities in lieu of corporate surety.

In lieu of corporate surety, the manufacturer of tobacco products in Puerto Rico may pledge and deposit, as security for his bond, securities which are transferrable and are guaranteed both as to interest and as to principal by the United States, in accordance with the provisions of 31 CFR part 225.


[T.D. ATF–444, 73 FR 16757, Mar. 31, 2008]

§ 41.121 Amount and account of bond.

(a) Bond amount. Except for the maximum and minimum amounts stated in this paragraph, the total amount of the bond or bonds required under this subpart must be in an amount not less than the amount of unpaid tax chargeable at any one time against the bond or bonds. The maximum and minimum amounts of such bond or bonds are as follows:

<table>
<thead>
<tr>
<th>Taxable article</th>
<th>Bond amount maximum (in dollars)</th>
<th>Bond amount minimum (in dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Cigarettes</td>
<td>250,000</td>
<td>1,000</td>
</tr>
<tr>
<td>(2) Any combination of taxable articles</td>
<td>250,000</td>
<td>1,000</td>
</tr>
<tr>
<td>(3) One kind of taxable article other than cigarettes</td>
<td>150,000</td>
<td>1,000</td>
</tr>
</tbody>
</table>

(b) Bond account. Where the amount of a bonded manufacturer’s bond is less than the maximum amount prescribed in paragraph (a) of this section, the bonded manufacturer must maintain an account reflecting all outstanding taxes for which the manufacturer’s bond is chargeable. A manufacturer must debit that account with the amount of tax that was agreed to be paid under §41.111 or that is otherwise chargeable against the bond and then must credit the account for the amount paid on TTB F 5000.25 or other TTB-prescribed document, at the time it is filed. A manufacturer who will defer payment of tax for a shipment of tobacco products or cigarette papers or tubes under this subpart must have sufficient credit in this account to cover the taxes prior to making the shipment to the United States.

(Approved by the Office of Management and Budget under control number 1513–0108)

[T.D. ATF–444, 73 FR 16757, Mar. 31, 2008]

§ 41.122 Strengthening bond.

Where the amount of any bond is no longer sufficient under the provisions of §41.121, the bonded manufacturer shall immediately file a strengthening bond in an appropriate amount with the same surety as that on the bond already in effect, unless a superseding bond is filed pursuant to §41.123. A strengthening bond will not be approved where any notation is made thereon which is intended, or which
may be construed, as a release of any former bond, or as limiting the amount of either bond to less than its full amount.

§ 41.123 Superseding bond.

A bonded manufacturer shall immediately file a new bond to supersede his current bond when (a) the corporate surety on the current bond becomes insolvent, (b) the appropriate TTB officer approves a request from the surety on the current bond to terminate his liability under the bond, (c) the payment of any liability under a bond is made by the surety thereon, (d) the amount of the bond is no longer sufficient under the provisions of §41.121 and a strengthening bond has not been filed, or (e) the appropriate TTB officer considers a superseding bond necessary for the protection of the revenue.

§ 41.124 Extension of coverage of bond.

An extension of coverage of the bond of a bonded manufacturer shall be required (a) as provided in §41.114a, and (b) in the case of any change in the location of the factory as set forth in the bond. Such extension of coverage of the bond shall be manifested on Form 2105 by the bonded manufacturer and by the surety on the bond with the same formality and proof of authority as required for the execution of the bond.

§ 41.125 Approval of bond and extension of coverage of bond.

The appropriate TTB officer is authorized to approve all bonds and extensions of coverage of bonds (except under §41.136) filed under this subpart. No manufacturer of tobacco products in Puerto Rico shall defer taxes under this subpart until he receives from the appropriate TTB officer notice of approval of the bond or of an appropriate extension of coverage of the bond required under this subpart. Upon receipt of the duplicate copy of an approved bond or extension of coverage of bond from the appropriate TTB officer, such copy of the bond or extension of coverage of bond shall be retained by the bonded manufacturer and shall be made available for inspection by the appropriate TTB officer upon his request.

§ 41.126 Termination of bond.

Any bond given under the provisions of this subpart may be terminated as to future transactions, by the appropriate TTB officer, (a) pursuant to application of surety as provided in §41.127; (b) on approval of a superseding bond; (c) on notification by the bonded manufacturer to the appropriate TTB officer that he has discontinued the deferral of taxes under the bond; or (d) on notification by the bonded manufacturer to the appropriate TTB officer that he has discontinued business. When any bond is terminated, the appropriate TTB officer shall notify both the bonded manufacturer and surety on such bond, in writing, of such action.

§ 41.127 Application of surety for relief from bond.

A surety on any bond given under the provisions of this subpart may at any time in writing notify the bonded manufacturer and the appropriate TTB officer that he desires, after a date named, to be relieved of liability under said bond. Such date shall be not less than 10 days after the date the notice is received by the appropriate TTB officer. The surety shall also file with the appropriate TTB officer an acknowledgement or other proof of service on the bonded manufacturer. If such notice is