

§ 41.120

§ 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.

(61 Stat. 650; 6 U.S.C. 15)

[T.D. 6871, 31 FR 44, Jan. 4, 1966. Redesignated at 40 FR 16835, Apr. 15, 1975, and amended by T.D. ATF-232, 51 FR 28086, Aug. 5, 1986; T.D. ATF-243, 51 FR 43194, Dec. 1, 1986]

§ 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:

Taxable article	Bond amount maximum (in dollars)	Bond amount minimum (in dollars)
(1) Cigarettes	250,000	1,000
(2) Any combination of taxable articles	250,000	1,000
(3) One kind of taxable article other than cigarettes	150,000	1,000

(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.

[26 FR 8195, Aug. 31, 1961. Redesignated at 40 FR 16835, Apr. 15, 1975, and further redesignated and amended by T.D. TTB-16, 69 FR 52424, 52425, Aug. 26, 2004]

§ 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.

[26 FR 8195, Aug. 31, 1961. Redesignated at 40 FR 16835, Apr. 15, 1975, and amended by T.D. ATF-251, 52 FR 19341, May 22, 1987. Redesignated and amended by T.D. TTB-16, 69 FR 52424, 52425, Aug. 26, 2004]

§ 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