

(b) *Products from the Virgin Islands.* In addition to the documentation required by §41.86, in the case of products exported from the Virgin Islands the manufacturer also must file an extension of coverage of the internal revenue bond on TTB F 5000.18, and receive a notice of approval from the appropriate TTB officer, in order to obtain release under paragraph (a)(1) of this section. The extension of coverage must be executed by the principal and the surety and must be in the following form:

“Whereas the purpose of this extension is to bind the obligors for the purpose of the tax imposed by 26 U.S.C. 7652(b), on tobacco products and cigarette papers and tubes exported from the Virgin Islands and removed from customs custody in the United States without payment of internal revenue tax, for delivery to the principal on said bond.”

“Now, therefore, the said bond is further specifically conditioned that the principal named therein must pay all taxes imposed by 26 U.S.C. 7652(b) plus penalties, if any, and interest, for which he may become liable with respect to these products exported from the Virgin Islands and removed from customs custody in the United States without payment of internal revenue tax thereon, and must comply with all provisions of law and regulations with respect thereto.”

(c) *Receipt by manufacturer.* Articles received into the factory of a manufacturer under this section are subject to the requirements of part 40 of this chapter.

[78 FR 38569, June 27, 2013]

EFFECTIVE DATE NOTE: At 78 FR 38569, June 27, 2013, §41.85 was revised, effective Aug. 26, 2013 through Aug. 26, 2016.

§41.85a Release from customs custody of returned articles.

(a) Domestically manufactured tobacco products (classifiable under item 9801.00.80 of the Harmonized Tariff Schedule of the United States, 19 U.S.C. 1202) exported from and returned to the United States without change to the product or the shipping container may be released from customs custody in the United States, under the bond of the original manufacturer or of the export warehouse proprietor who has been authorized by the original manufacturer (see §41.82), without payment of that part of the duty attributable to internal revenue tax, for delivery to the bonded premises of the original to-

bacco products manufacturer or to the bonded premises of the export warehouse proprietor.

(b) Domestically manufactured cigarette papers and tubes (classifiable under item 9801.00.80 of the Harmonized Tariff Schedule of the United States, 19 U.S.C. 1202) exported from and returned to the United States without change to the product or the shipping container may be released from customs custody in the United States, without payment of that part of the duty attributable to internal revenue tax, for delivery to the bonded premises of the original manufacturer of the cigarette papers and tubes or an export warehouse proprietor authorized by the original manufacturer to receive such products.

(c) Releases under this section must be in accordance with the procedures set forth in §41.86. Once released, the tobacco products and cigarette papers and tubes are subject to the tax and other provisions of 26 U.S.C. chapter 52 and, as applicable, to the regulations in part 40 of this chapter as if they had not been exported or otherwise removed from internal revenue bond.

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§41.86 Procedure for release.

(a) Every manufacturer of tobacco products or cigarette papers and tubes and every export warehouse proprietor who desires to obtain the release of tobacco products or cigarette papers and tubes from customs custody, without payment of internal revenue tax under its internal revenue bond, as provided in §§41.85 or 41.85a, must prepare a notice of release, TTB F 5200.11 and file the form with the appropriate TTB officer in accordance with the instructions on the form. The appropriate TTB officer will certify TTB F 5200.11 covering the release of the tobacco products or cigarette papers and tubes under 26 U.S.C. 5704(c) or (d) if the manufacturer or export warehouse proprietor is authorized to receive the products.

(b) Importers who are manufacturers of tobacco products or cigarette papers and tubes or export warehouse proprietors, or their authorized agents, who

§41.101

request the release of tobacco products or cigarette papers and tubes from customs custody in the United States under this section, using customs electronic filing procedures, must not request the release until they have received the TTB F 5200.11 certified by the appropriate TTB officer. Once U.S. Customs and Border Protection releases the tobacco products or cigarette papers and tubes in accordance with 19 CFR part 143, customs directives, and any other applicable instructions, the importer must submit a copy of the TTB F 5200.11 along with a copy of the electronic filing and customs release to the appropriate TTB officer at the address shown on TTB F 5200.11. The importer must retain two copies of the TTB F 5200.11, one copy to meet TTB recordkeeping requirements and one copy to meet customs recordkeeping requirements.

(c) Importers or their authorized agents requesting release of tobacco products or cigarette papers or tubes from customs custody in the United States under any authorized procedure other than the electronic filing procedures provided for in paragraph (b) of this section, must submit all copies of the TTB F 5200.11 to the appropriate customs officer along with the request for release. The customs officer will verify that the TTB F 5200.11 has been certified by the appropriate TTB officer and return all copies to the importer or the importer's authorized agent.

(d) Once U.S. Customs and Border Protection releases the tobacco products or cigarette papers and tubes in accordance with 19 CFR part 143, customs directives, and any other applicable instructions, the importer must send a copy of the TTB F 5200.11 along with a copy of the customs release to the appropriate TTB office at the address shown thereon. The importer must retain two copies of the TTB F 5200.11, one copy to meet TTB recordkeeping requirements and one copy to meet customs recordkeeping requirements.

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27 CFR Ch. I (4–1–14 Edition)

Subpart G—Puerto Rican Tobacco Products and Cigarette Papers and Tubes, Brought Into the United States

§41.101 General.

(a) Tobacco products and cigarette papers and tubes manufactured in Puerto Rico which are brought into the United States and withdrawn for consumption or sale are subject to the tax imposed by 26 U.S.C. 7652(a), at the rates set forth in 26 U.S.C. 5701.

(b) The excise taxes collected on tobacco products and cigarette papers and tubes manufactured in Puerto Rico are covered into the Treasury of Puerto Rico. Tobacco products and cigarette papers and tubes are considered as manufactured in Puerto Rico for purposes of 26 U.S.C. 7652(a)(3) if the sum of the cost or value of the materials produced in Puerto Rico, plus the direct costs of processing operations performed in Puerto Rico, equals or exceeds 50 percent of the value of the product when it is brought into the United States.

(c) The excise tax on tobacco products and cigarette papers and tubes of Puerto Rican manufacture may be prepaid in Puerto Rico prior to shipment of such articles to the United States in accordance with §41.105. In the case of tobacco products such tax may be paid in Puerto Rico on the basis of a semi-monthly return in accordance with the applicable provisions of this subpart.

(68A Stat. 907, as amended, 72 Stat. 1417, 1418, as amended (26 U.S.C. 7652, 5703, 5704))

[T.D. ATF-206, 50 FR 15888, Apr. 23, 1985, as amended by T.D. ATF-232, 51 FR 28085, Aug. 5, 1986; T.D. ATF-243, 52 FR 43194, Dec. 1, 1986; T.D. ATF-246, 52 FR 669, Jan. 8, 1987; T.D. ATF-422, 64 FR 71950, Dec. 22, 1999. Redesignated and amended by T.D. TTB-16, 69 FR 52424, 52425, Aug. 26, 2004]

PREPAYMENT OF TAX IN PUERTO RICO ON TOBACCO PRODUCTS AND CIGARETTE PAPERS AND TUBES

§41.105 Prepayment of tax.

To prepay, in Puerto Rico, the internal revenue tax imposed by 26 U.S.C. 7652(a) on tobacco products and cigarette papers and tubes of Puerto Rican manufacture to be shipped to the United States, the shipper must file, or