SALE OF CERTAIN TOBACCO PRODUCTS AND CIGARETTE PAPERS AND TUBES ON OR AFTER FEBRUARY 7, 2001

Importers of Tobacco Products, Manufacturers of Tobacco Products or Cigarette Papers or Tubes, and others concerned.

Purpose. This industry circular warns businesses about selling or holding for sale tobacco products and cigarette papers or tubes manufactured in the United States and labeled for exportation. On or after February 7, 2001, if you sell or hold for sale such products for domestic consumption, you may incur civil and criminal penalties.


1. What are tobacco products? Tobacco products are defined as cigarettes, cigars, smokeless tobacco, pipe tobacco, and roll-your-own tobacco.

2. Do I have tobacco products or cigarette papers or tubes manufactured in the United States and labeled for exportation?

Look at the package of the tobacco products or cigarette papers or tubes. The package is the container that the manufacturer puts up for delivery to the consumer.

a. Is there a label or notice with the words "Tax-exempt. For use outside the U.S.", "U.S. Tax-exempt. For use outside U.S." or "For Export With Drawback of Tax."?

b. Is there a stamp, sticker or notice of a foreign country or U.S. possession that identifies such foreign country or U.S. possession?

If you answer yes to question a or b, then you have a package that has been
labeled for exportation. Next, find out if the package has a mark about the manufacturer.

c. Is there a mark indicating the name of the manufacturer, the city and State in the United States (50 States and the District of Columbia) or a "TP" code? A TP code begins with the letters TP and then followed by the postal abbreviation for the State or District of Columbia and a number. For example, TP-DC-1.

If you answer yes to question c, the tobacco product or cigarette papers or tubes have been very likely manufactured in the United States.

3. What if I cannot find the mark of the manufacturer (see 2c. above) indicating the place of the manufacturer?

Look for a statement on the package, including stickers, that state where the product was manufactured. If it states a place in the United States (50 States and the District of Columbia), the tobacco product or cigarette paper or tubes is very likely to have been manufactured in the United States.

4. What are the Federal penalties for selling tobacco products or cigarette papers or tubes that have been manufactured and labeled for exportation in the United States?

Civil and criminal penalties may be imposed. The civil penalty is at least $1,000, and the tobacco products and cigarette papers and tubes are subject to forfeiture to the United States. A larger civil penalty may be imposed if the amount of Federal excise tax on the tobacco products and cigarette papers or tubes is greater than $200. Additional taxes, criminal penalties and forfeiture of other property may be imposed by the IRC. In addition, State law may also impose penalties if you sell or hold for sale such products. We suggest that you contact the appropriate State agency that administers taxes on such products.

5. Does this change the advice given in the answer for question 3 of ATF Industry Circular 2000-1?

Yes. In question 3 of ATF Industry Circular 2000-1, you could sell or hold for sale previously exported tobacco products or cigarette papers or tubes that were lawfully entered into the United States before January 1, 2000. The new law (Title IV of the Cigarette Compliance Act of 2000) prohibits selling or holding for sale tobacco products or cigarette papers or tubes for domestic consumption, which have been manufactured and labeled for exportation in the United States.

Questions. Ask the Regulations Division, Room 5003, ATF, Washington, DC 20226 (202-927-8210). Also, you may send an e-mail to alctob@atfhq.atf.treas.gov.

Bradley A. Buckles
Director