

PART VII:

National Firearms Act (NFA)

Overview and Amendments

The NFA was originally enacted in 1934. The Act imposes a tax on the making and transfer of weapons defined by the Act, as well as a special occupational tax (SOT) on persons and entities engaged in the business of importing, manufacturing, and dealing in NFA weapons. The law also required the registration of all NFA weapons with the Secretary of the Treasury⁶⁰. Weapons subject to the 1934 Act included shotguns having barrels less than 18 inches in length, rifles having barrels less than 16 inches in length, certain weapons described as “any other weapons,” machineguns, and silencers.

Although enacted as part of the Internal Revenue Code, the legislative history of the NFA demonstrates that its purpose extended beyond revenue collection and included a goal of curtailing transactions in NFA weapons. Congress found these weapons to pose a significant crime problem because of their frequent use in crime, particularly the gangland crimes of that era such as the St. Valentine’s Day Massacre. The \$200 making and transfer taxes imposed on most NFA weapons was at the time essentially equivalent to the cost to purchase those weapons, Congress set the tax at this level to discourage transactions of these weapons. The \$200 tax has not changed since 1934. If adjusted to current values using the CPI the tax would be approximately \$4,200 in 2022.

As structured in 1934, the NFA imposed a duty on persons transferring NFA weapons, as well as mere possessors of unregistered weapons, to register them with the Secretary of the Treasury. If the possessor of an unregistered firearm applied to register the firearm as required by the NFA, the Treasury Department could supply information to state authorities about the registrant’s possession of the firearm. State authorities could then use the information to prosecute the person whose possession violated State laws. For these reasons, the Supreme Court in 1968 held in *Haynes v. United States*, 390 U.S. 85 (1968) that a person prosecuted for possessing an unregistered NFA weapon had a valid defense to the prosecution — the registration requirement imposed on the possessor of an unregistered firearm violated the possessor’s privilege from self-incrimination under the Fifth Amendment of the U.S. Constitution. The *Haynes* decision made the 1934 Act virtually unenforceable.

Title II of the Gun Control Act (GCA) of 1968

Title II of the GCA of 1968 amended the NFA to remedy the constitutional flaw identified by the Supreme Court in *Haynes*. First, the requirement for possessors of unregistered weapons to register was removed. Under Title II, no mechanism exists to register an unlawfully possessed NFA weapon. Second, a provision was added to the law prohibiting the use of any information from an NFA application or registration as evidence against the person in a criminal proceeding with respect to a violation of law occurring prior to or concurrently with the filing of the application or registration. In 1971, the Supreme Court reexamined the NFA in *United States v. Freed*, 401 U.S. 601 (1971) and found that the 1968 amendments cured the constitutional defect in the original NFA.

Title II also amended the NFA definitions of “firearm” by adding “destructive devices” and expanding the definition of “machinegun.”

Firearm Owners’ Protection Act

In 1986, the Firearm Owners Protection Act (FOPA) amended the NFA definition of “silencer” by adding combinations of parts for silencers and any part intended for use in the assembly or fabrication of a silencer. FOPA also amended the GCA to prohibit the transfer or possession of machineguns. Exceptions were made for transfers of machineguns to, or possession of machineguns by, government agencies, and those lawfully possessed before the effective date of the prohibition, May 19, 1986.

NFA Forms and Reporting Requirements

To make an NFA weapon, a person must first file an ATF Form 1, *Application to Make and Register a Firearm with the corresponding tax payment and receive approval from ATF*. To transfer a registered NFA weapon to another person, the transferee must first file an ATF Form 4, *Application for Tax Paid Transfer and Registration of Firearm*, and receive approval from ATF. Applications to make or transfer a firearm will not be approved if federal, state, or local law prohibits the making or possession of the firearm.

The tax is \$200 (Form 1 and 4) for the transfer of any firearm except a firearm classified as an “Any Other Weapon” which is \$5. An unserviceable NFA weapon, except a machinegun, may be transferred as a curio or ornament without payment of the transfer tax.

A person may become a qualified manufacturer, importer, or dealer of NFA weapons by acquiring the required FFL needed for their desired activity. Upon obtaining the FFL, they may then apply for Special Occupational Tax (SOT). A dealer’s yearly SOT rate is \$1,000. A manufacturer and importer’s yearly SOT is \$1,000. A manufacturer or importer may apply as a reduced rate taxpayer if their gross annual income is less than \$500,000. This would not be firearm specific income, but rather all income generated under that entity. A new taxpayer who has never generated income in one tax year, would be eligible to apply for the reduced rate. When applying on ATF Form 5630.7, a taxpayer would indicate under “Section II- Tax Computation” which tax class they are applying for in a given tax year. Proof of gross income is retained in the taxpayers’ records and are to be provided to an industry operations investigator (IOI) during an audit/inspection. Proof is not required when applying for SOT.

Table N-01 provides a description for each form utilized by unlicensed individuals, FFLs, and government entities to manufacture, register, import, or export an NFA weapon.

Table N-01: ATF NFA Forms

ATF NFA Forms	Title	Description
Form 1	<u>Application to Make and Register a Firearm (ATF Form 5320.1)</u>	Filed by an individual or entity to get approval to make and register an NFA weapon
Form 2	<u>Notice of Firearms Manufactured or Imported (ATF Form 5320.2)</u>	Filed by a qualified manufacturer or importer to register NFA weapons manufactured or imported

Form 3	<u>Application for Tax-Exempt Transfer of Firearm and Registration to Special Occupational Taxpayer (National Firearms Act) (ATF Form 5320.3)</u>	Filed by a qualified FFL to transfer to another qualified FFL
Form 4	<u>Application for Tax Paid Transfer and Registration of a Firearm (ATF Form 5320.4)</u>	Filed by a qualified FFL to transfer to an individual or other entity (non-licensee)
Form 5	<u>Application for Tax-Exempt Transfer of Firearms and Registration of Firearm (ATF Form 5320.5)</u>	Filed by a current registrant when firearm is being transferred to or from a government entity, from an estate to a beneficiary, or for transfers by operation of law, or when transferring an unserviceable firearm
Form 9	<u>Application and Permit for Permanent Exportation of Firearms (ATF Form 5320.9)</u>	Filed by a qualified federal FFL for the exportation of NFA weapons
Form 10	<u>Application for Registration of Firearms Acquired by Certain Governmental Entities (ATF Form 5320.10)</u>	Filed by state or local government agencies to register unregistered NFA weapons they acquire and want to use for official business
Form 5320.20	<u>Application to Transport or to Temporarily Export Certain NFA Firearms</u>	Used to obtain permission to temporarily or permanently move your (NFA) machinegun, short-barreled rifle or short-barreled shotgun, or destructive device interstate
Form 5630.7	<u>Special Tax Registration and Return</u>	FFLs who engage in importing, manufacturing, or dealing in NFA firearms are required to file this form and pay the SOT, an annual tax that begins on July 1 and ends June 30

NFA Tax Revenue

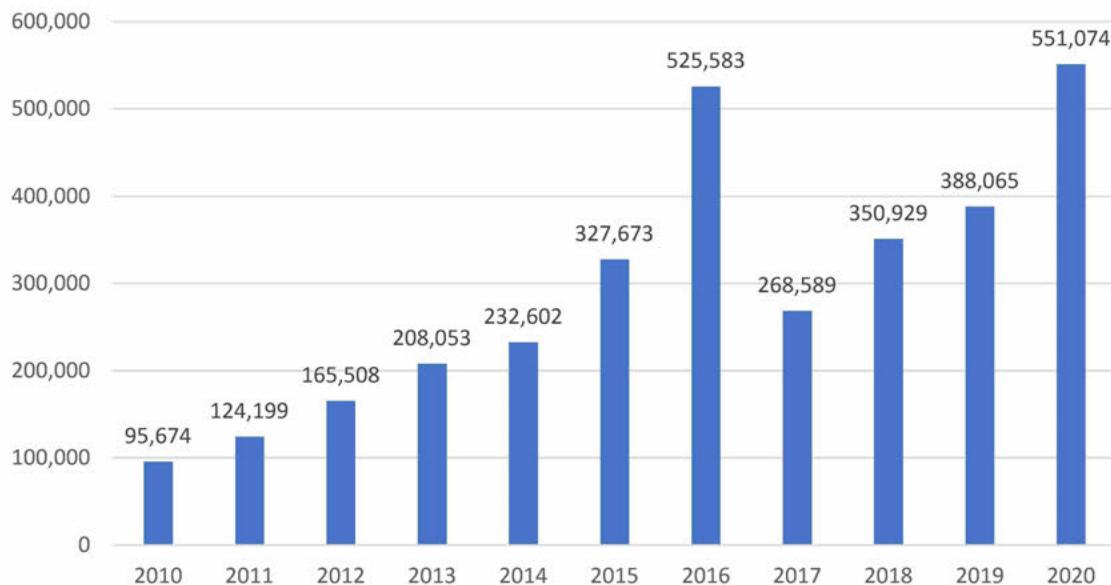
All tax revenue collected by the NFA as part of the Form 1, Form 4, and the SOT (including penalties and interest) is deposited into the General Treasury Fund. ATF receives no direct funds from NFA tax revenue collected.

NFA Applications Received

The annual number of NFA applications received by ATF more than doubled from 2000 (41,412) to 2010 (95,674). This growth was modest relative to the increase in yearly NFA applications over the next six years. As reflected in Figure N-01, the annual number of NFA applications received by ATF increased by almost 450% between 2010 (95,674) and 2016 (525,583). The increase in 2016 was due in large part to the implementation of the 41F regulation change. The goal of [Final Rule 41F](#) was to ensure that identification and background check requirements apply equally to individuals, trusts, and legal entities who apply to make or receive NFA weapons. Final Rule 41F became effective on July 13, 2016. ATF received a large influx of applications in the months leading up to this date as applicants attempted to

submit applications prior to the effective date. This was followed by a 49% decrease in 2017 (268,589). Over the next two years, the number of NFA applications steadily increased and then surged by 42% between 2019 (388,065) and 2020 (551,074).

Figure N-01: Annual NFA Applications Received, 2010 – 2020

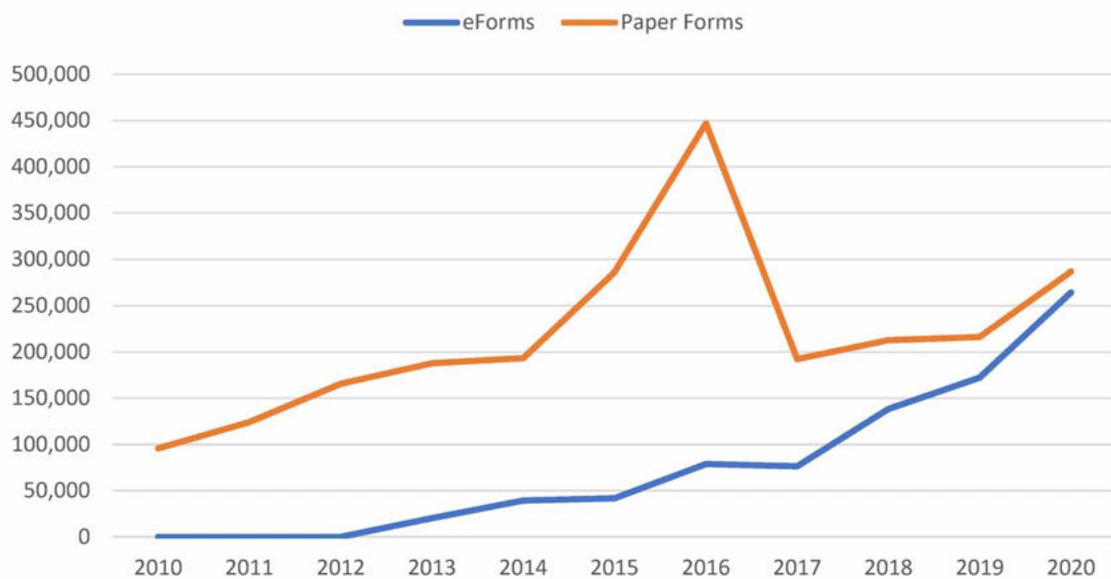


See Table N-02 in Appendix N - NFA for the total number of NFA applications received by year between 2000 and 2020.

NFA eForm Platform

In August 2013, ATF established an internet portal to receive NFA applications electronically.⁶¹ This system is commonly referred to as “eForms”. As reflected in Figure N-02, the number of eForm applications steadily increased between 2013 and 2020. In 2013, eForms accounted for slightly less than 10% of the total number of NFA applications received by ATF (20,207 of 208,053). By 2020, eForms accounted for 48% of the total number of NFA applications received by ATF (264,400 of 551,074). The number of eForm NFA applications in 2020 (264,400) was more than thirteen times the number of eForms received in 2012 (20,207).

Figure N-02: Annual NFA Applications Received by Submission Method, 2010 – 2020



See Table N-02 in Appendix N - NFA for the total number of NFA applications received by submission method between 2000 and 2020.

NFA Applications Received by Type of Form

ATF Form 4 and ATF Form 3 account for the largest share of NFA applications received by ATF on an annual basis. As reflected in Table N-03a, ATF Form 4 applications represented almost 46% (251,936) and Form 3 applications represented about 37% (203,527) of total NFA applications (551,074) received by ATF in 2020. All NFA application types grew in number between 2010 and 2020 except for ATF Form 10. The number of ATF Form 10 applications declined by almost 71% between 2010 (1,453) and 2020 (429). The largest percentage increases by type of NFA applications between 2010 and 2020 were generated by ATF Form 1 (+754%), ATF Form 4 (+636%), ATF Form 3 (+545%), and ATF Form 5320.20 (+331%).

Table N-03a: NFA Applications Received by Form Type – 2010, 2020

ATF Form Type	2010	% Total	2020	% Total	2010 - 2020 % Change
Form 1	5,291	5.5%	45,205	8.2%	754.4%
Form 2	7,569	7.9%	15,996	2.9%	111.3%
Form 3	31,558	33.0%	203,527	36.9%	544.9%
Form 4	34,243	35.8%	251,936	45.7%	635.7%
Form 5	10,568	11.0%	14,352	2.6%	35.8%
Form 9	1,037	1.1%	2,571	0.5%	147.9%
Form 10	1,453	1.5%	429	0.1%	-70.5%
Form 5320.20	3,955	4.1%	17,058	3.1%	331.3%
Total	95,674	100.0%	551,074	100.0%	476.0%

See Table N-03 in Appendix N - NFA for the total number of NFA applications received by ATF form type for 2000 – 2020.

NFA Application Processing

ATF National Firearms Act Division is responsible for the administration of the NFA and maintains the National Firearms Registration and Transfer Record (NFRTR), the central registry of all NFA weapons in the U.S. The NFA Division acts on all applications to make, export, transfer and register NFA weapons; processes notices of NFA weapons manufactured or imported; and amends the NFRTR as required.

ATF personnel make final determinations on the approval of all NFA applications. The following is a broad overview of the application processing steps for both paper and eForm applications.

Tax Paid Applications (Form 1 and Form 4)

Paper Applications

- Application mailed with required fingerprint cards and photo to lockbox for payment processing
- Application received at the NFA Division from the lockbox and data entered
- Background check conducted
- Application reviewed and research completed
- Application final review and adjudication
- Application final disposition (approved or denied)

eForm Applications

- Licensee accesses the ATF eForm system
- Licensee and transferee (purchaser) complete the ATF eForm
- Electronic fingerprint cards and photo may be uploaded and attached to the application or paper cards can be mailed in to the NFA Division (Applicant will have 10 days to submit paper prints)
- Application is validated for completeness
- The applicant is transferred to www.pay.gov for payment of the tax liability (\$5 or \$200)
- Application is submitted and automatically entered in the NFRTR system
- Background check conducted
- Application final review and adjudication
- Application final disposition (approved or denied)

Non-Tax Paid Applications (Forms 2, 3, 5, 9, 10, and 5320.20)

Paper Applications

- Application mailed (or emailed/faxed) directly to the NFA Division
- Application data entered
- Application reviewed and research completed

- Application final review and adjudication
- Application final disposition (approved or denied)

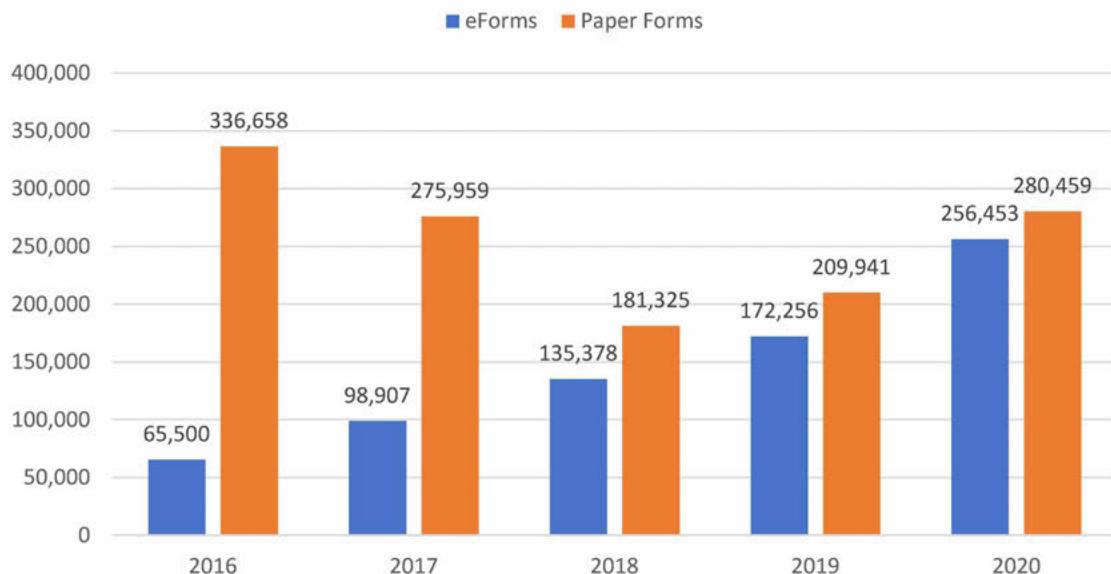
eForm Applications

- Licensee accesses the ATF eForm system and form is completed
- Application is validated for completeness
- Application is submitted and automatically entered in the NFRTR system
- Application final review and adjudication
- Application final disposition (approved or denied)

NFA Applications Processed by Submission Method

Between 2016 and 2020, ATF processed 2,012,836 NFA applications. Paper form applications accounted for 64% (1,284,342 of 2,012,836) and eForm applications accounted for 36% (728,494 of 2,012,836) of the total number of NFA applications processed during this five-year period. As Figure N-03 shows, the percentage of eForms processed increased from about 16% of total NFA applications processed in 2016 (65,500 of 402,158) to nearly 48% of total NFA applications processed in 2020 (256,453 of 536,912).

Figure N-03: Annual NFA Applications Processed by Submission Method, 2016 – 2020

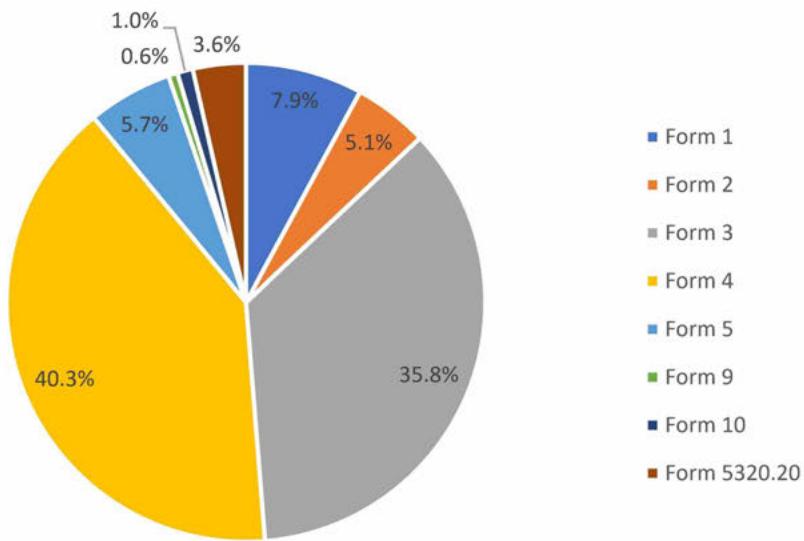


See Table N-04 in Appendix N - NFA for the total number of total NFA applications processed by submission method between 2000 and 2020.

NFA Applications Processed by Form Type

As reflected in Figure N-04, ATF Form 4 applications were the most frequently processed (40%), followed by Form 3 (36%) between 2016 and 2020.

Figure N-04: NFA Applications Processed by Form Type, 2016 – 2020



See Table N-05 in Appendix N - NFA for the total number of NFA applications processed by ATF form type between 2000 and 2020.

NFA Applications Processed and Approved

Since 2000, ATF has processed and approved an average of more than 95% of correctly submitted NFA applications received each year. More specifically, regarding eligible applications⁶² received between 2016 and 2020 (2,058,325), ATF has processed and approved 95% of those applications (1,955,063) as of March 26, 2022. Moreover, nearly two-thirds of the processed and approved applications were submitted via paper forms (1,282,245) and one-third of the processed and approved were submitted via eForms (672,818) (See Table N-06a for additional details).

Table N-06a: Total Correctly Submitted NFA Applications Received, Processed, and Approved by Submission Method, 2016 – 2020

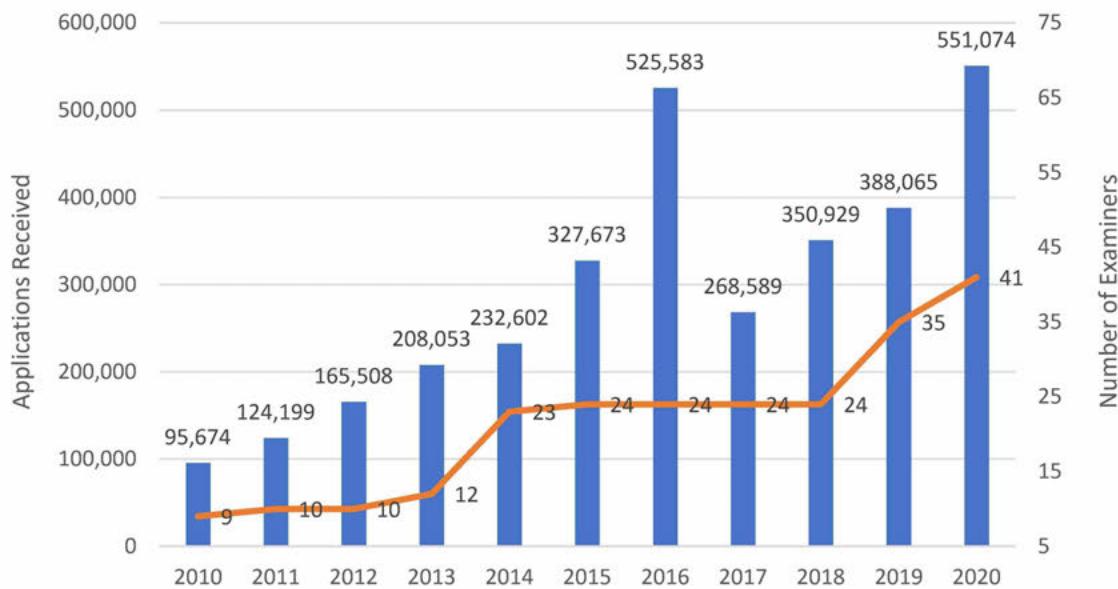
Year	Total Correctly Submitted Applications Received	Processed and Approved eForm Applications	Processed and Approved Paper Form Applications	Total Processed and Approved Applications	Processed and Approved Rate
2016	524,410	70,391	430,549	500,940	95.5%
2017	264,352	70,336	177,322	247,658	93.7%
2018	345,620	129,104	198,400	327,504	94.8%
2019	383,304	161,726	204,135	365,861	95.4%
2020	540,639	241,261	271,839	513,100	94.9%
Total	2,058,325	672,818	1,282,245	1,955,063	95.0%

See Table N-06 in Appendix N – NFA for the total number of NFA applications received annually and eligible to be processed by submission method and its corresponding approval rates by year between 2000 and 2020.

NFA Form Processing - Staffing Levels

As reflected in Figure N-05, the number of NFA applications has increased substantially since 2010; however, the number of ATF examiners responsible for initial processing of these applications has not kept pace with the increased demand. In 2010, there were approximately 10,630 applications received per ATF examiner, and in 2020, there were approximately 13,441 applications received per examiner.

Figure N-05: Applications Received Compared to Number of ATF Examiners, 2010 – 2020

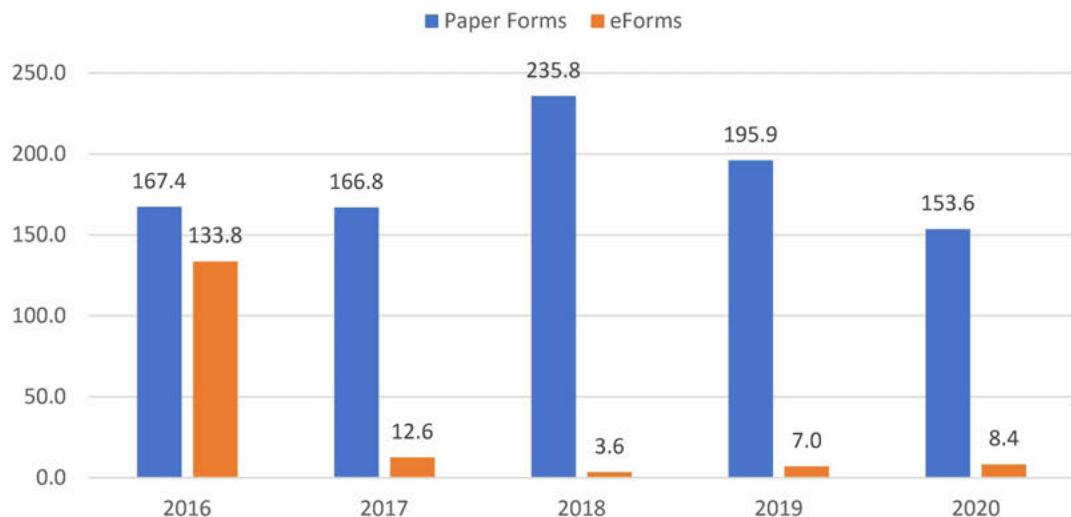


See Table N-02 in Appendix N - NFA for the total number of NFA applications received by year between 2000 and 2020.

NFA Application Processing Times

Figure N-06 presents the average number of processing days by submission method between 2016 and 2020. Both paper and eForm tax paid (ATF Form 1 and ATF Form 4) application processing times were adversely affected by the unprecedented number of forms received following the implementation of the Final Rule 41F regulation change in 2016. In every year, the number of days to process an approved eForm submission was shorter than the number of days to process an approved paper form submission. In 2020, the average number of days to process an approved NFA eForm application was slightly more than 8 days as compared to the nearly 154 days to process an approved paper form.

Figure N-06: Average Processing Days for Approved NFA Applications Processed by Submission Method, 2016 – 2020



NFA Application Processing Times by Form and Submission Method

Up until December 2021, it was not possible for applicants to submit an ATF Form 4 via eForm. In addition, Form 5320.20 is not yet available as an eForm application. As Table N-07 reflects, approved ATF Form 4 paper applications had the longest average number of processing days relative to other approved NFA paper forms between 2016 and 2020. The long processing time for approved ATF Form 4 applications accounts for some of the large disparity in annual average processing times between approved eForms and approved paper forms shown in Figure N-06. Nevertheless, for all NFA application types that have eForm submissions available, the average daily processing time is much faster when compared to the average daily processing time for paper forms.

Table N-07: Average Processing Days for Approved NFA Applications Processed by Form Type and Submission Method, 2016 – 2020

Year / App Type	Form 1	Form 2	Form 3	Form 4	Form 5	Form 9	Form 10	Form 5320.20
2016								
Paper form	269.0	22.0	38.2	259.9	38.4	22.0	22.1	14.9
eForm	203.9	5.8	30.5	N/A	29.8	24.6	8.5	N/A
2017								
Paper form	226.6	14.1	28.3	234.1	29.6	17.3	17.7	22.7
eForm	52.9	4.4	13.7	N/A	8.9	13.5	4.8	N/A
2018								
Paper form	164.7	9.0	10.4	278.7	31.0	8.2	12.5	9.7
eForm	42.9	1.9	2.7	N/A	2.2	2.1	1.2	N/A
2019								
Paper form	101.2	13.4	9.2	224.8	17.8	9.2	9.9	8.7
eForm	30.1	3.2	4.2	N/A	2.2	2.8	4.3	N/A

2020								
Paper form	100.7	15.6	11.8	167.5	25.9	12.2	14.2	9.7
eForm	42.5	2.0	3.3	N/A	2.3	2.5	2.4	N/A

Factors Affecting Processing of NFA Applications

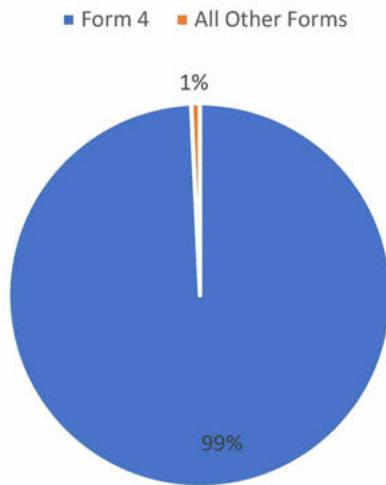
While the eForm process has significantly reduced processing times for those forms submitted via the internet platform, the continued growth in the number of forms submitted has limited the impact of reducing the overall pending volume. Nearly all NFA applications submitted between 2010 and 2020 have been processed. As Table N-08 shows, only paper form NFA applications submitted between 2010 and 2020 are pending processing as of March 25, 2022. ATF received 670,862 NFA applications in 2021. Roughly 29% of 2021 NFA applications are pending further processing (194,346). Of these pending NFA applications, more than 99% were submitted via paper form (193,494).

Table N-08: Processing Status of NFA Applications Received, 2010 – 2021

Year	Applications Received	Pending eForms	Pending Paper Forms	Processed Applications	% Processed
2010	95,674	0	0	95,674	100.00%
2011	124,199	0	0	124,199	100.00%
2012	165,508	0	1	165,507	100.00%
2013	208,053	0	11	208,042	99.99%
2014	232,602	0	265	232,337	99.89%
2015	327,673	0	148	327,525	99.95%
2016	525,583	0	132	525,451	99.97%
2017	268,589	0	229	268,360	99.91%
2018	350,929	0	101	350,828	99.97%
2019	388,065	0	50	388,015	99.99%
2020	551,074	0	45	551,029	99.99%
2021	670,862	852	193,494	476,516	71.03%
Total	3,908,811	852	194,476	3,713,483	95.00%

Moreover, as Figure N-07 reflects, slightly more than 99% of the pending 2010-2021 NFA applications (195,328) were ATF Form 4 (193,881). See Table N-09 in Appendix N - NFA for the detailed listing of NFA pending applications by ATF form type between 2010 and 2021.

Figure N-07: Pending NFA Applications Received by Form Type, 2010 – 2021



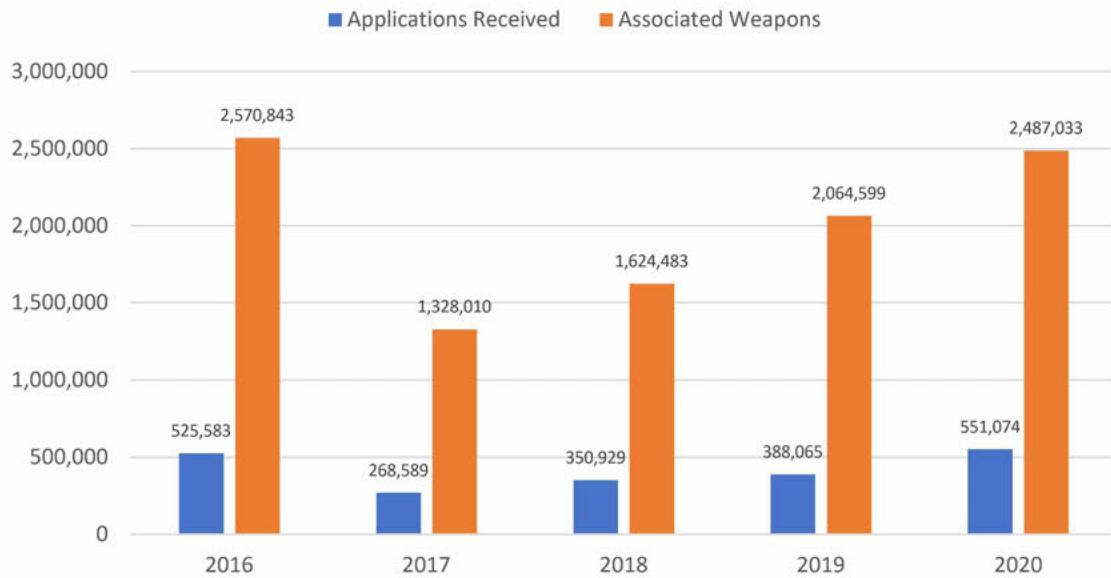
As of March 31, 2022, there are 312,652 NFA applications pending. Based on 2020 examiner staffing levels, there are approximately 7,625 applications awaiting review per examiner. Significantly, no backlog existed in 2010. ATF's experience indicates that once the paper form backlog is resolved, eForms will substantially increase the efficiency of application processing and further reduce processing times.

Moreover, resource demands on the NICS section of the FBI have adversely affected processing times. In recent years, NICS has experienced unprecedented high volumes of incoming transactions. As a result, NICS completions of background checks for NFA applications has been adversely affected.

NFA Applications Received and Associated Weapons

NFA applications submitted by FFLs often involve more than one weapon; and there is no limit to the number of weapons that can be included on these applications. ATF Form 1 and ATF Form 4 applications submitted by non-licensed applicants, however, are generally limited to a single weapon. As reflected in Figure N-08, ATF received 2,073,274 applications involving the registration or transfer of 10,074,968 NFA weapons between 2016 and 2020⁶³. This represents an average of roughly five NFA weapons for each application submitted to ATF. After a high of nearly 2.6 million weapons on some 525,000 applications in 2016, the number of applications and weapons dropped to slightly more than 1.3 million weapons on almost 269,000 applications in 2017. The number of NFA applications and weapons then steadily increased between 2018 and 2020.

Figure N-08: NFA Applications Received and Associated Weapons, 2016 – 2020

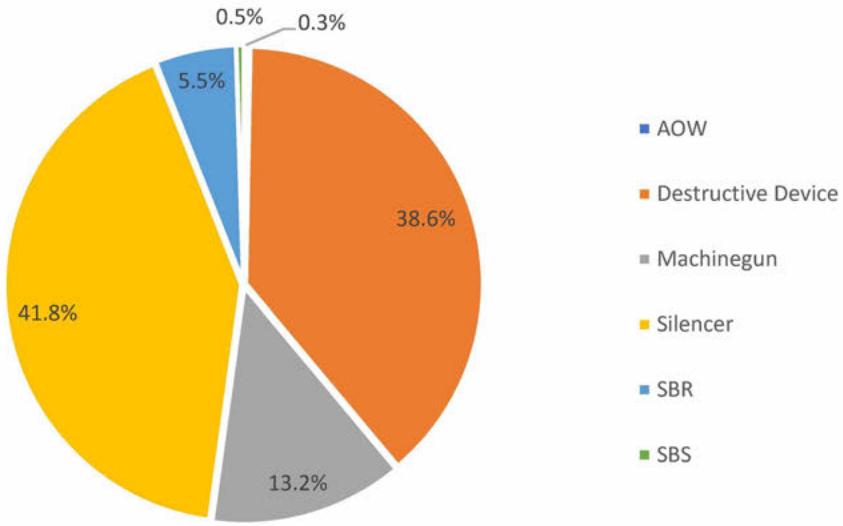


See Table N-10 in Appendix N - NFA for the detailed listing of NFA applications received and associated weapons by form type for 2016 – 2020.

NFA Applications Received and Weapon Type Distribution

Figure N-09 presents the distribution of NFA weapon types for the 10,074,968 NFA weapons associated with the 2,073,274 applications received between 2016 and 2020. Silencers (42%) and destructive devices (39%) accounted for the majority of NFA weapons listed on these applications.

Figure N-09: Weapon Type Distribution on NFA Applications Received, 2016 – 2020



See Table N-11 in Appendix N - NFA for the detailed listing of the total number of associated weapons listed on NFA applications received by weapon type for 2016 – 2020.

NFA Applications Received and Weapon Type Distribution by Form Type

Of the NFA applications submitted between 2016 and 2020, 1,118,269 were either ATF Form 1 or ATF Form 4 applications submitted by non-licensed applicants. The applications involved 1,120,792 weapons. As Table N-12a reflects, silencers were by far the dominant NFA weapon included on applications submitted by non-licensed applicants during this time, and SBRs were a distant second. Over this five-year period, NFA applications included 898,805 silencers and 175,905 SBRs.

Table N-12a: Total Number of Weapons Listed on Form 1 and Form 4 Applications Received by Weapon Type, 2016 – 2020

NFA Weapon Type	Associated Weapons Listed on ATF Form 1	Associated Weapons Listed on ATF Form 4	Total Number of Associated Weapons	% Total
Silencer	29,965	868,840	898,805	80.2%
Short Barrel Rifle	138,294	37,611	175,905	15.7%
Machinegun	211	28,860	29,071	2.6%
Short Barrel Shotgun	5,112	4,385	9,497	0.8%
Any Other Weapon	385	4,285	4,670	0.4%
Destructive Device	1,581	1,263	2,844	0.3%
Total	175,548	945,244	1,120,792	100.0%

See Table N-12 in Appendix N - NFA for the detailed listing of the total number of associated weapons listed by form and weapon type for 2016 – 2020.

ATF Form 1 and Associated Weapons

As reflected in Table N-12b, 173,185 ATF Form 1 applications were submitted to manufacture 175,548 NFA weapons between 2016 and 2020. SBRs were the dominant NFA weapon type at 79% (138,294) followed by silencers at 17% (29,965) when associated with ATF Form 1 applications.

Table N-12b: Total Number of Weapons Listed on Form 1 Applications Received by Weapon Type, 2016 – 2020

NFA Weapon Type	Associated Weapons Listed on ATF Form 1	% Total
Silencer	138,294	78.8%
Short Barrel Rifle	29,965	17.1%
Destructive Device	5,112	2.9%
Machinegun	1,581	0.9%
Any Other Weapon	385	0.2%
Short Barrel Shotgun	211	0.1%
Total	175,548	100.0%

See Table N-12 in Appendix N - NFA for the detailed listing of the total number of associated weapons listed by form and weapon type for 2016 – 2020.

ATF Form 2 and Associated Weapons

As reflected in Table N-12c, ATF received 70,298 ATF Form 2 applications from FFLs to manufacture 3,750,282 NFA weapons between 2016 and 2020. Destructive devices were the dominant NFA weapon type at 51% (1,916,432) followed by silencers at 30% (1,102,030) and machineguns at 15% (572,063) when associated with ATF Form 2 applications.

Table N-12c: Total Number of Weapons Listed on Form 2 Applications Received by Weapon Type, 2016 – 2020

NFA Weapon Type	Associated Weapons Listed on ATF Form 2	% Total
Destructive Device	1,916,432	51.1%
Silencer	1,102,030	29.4%
Machinegun	572,063	15.3%
Short Barrel Rifle	135,658	3.6%
Short Barrel Shotgun	13,520	0.4%
Any Other Weapon	10,579	0.3%
Total	3,750,282	100.0%

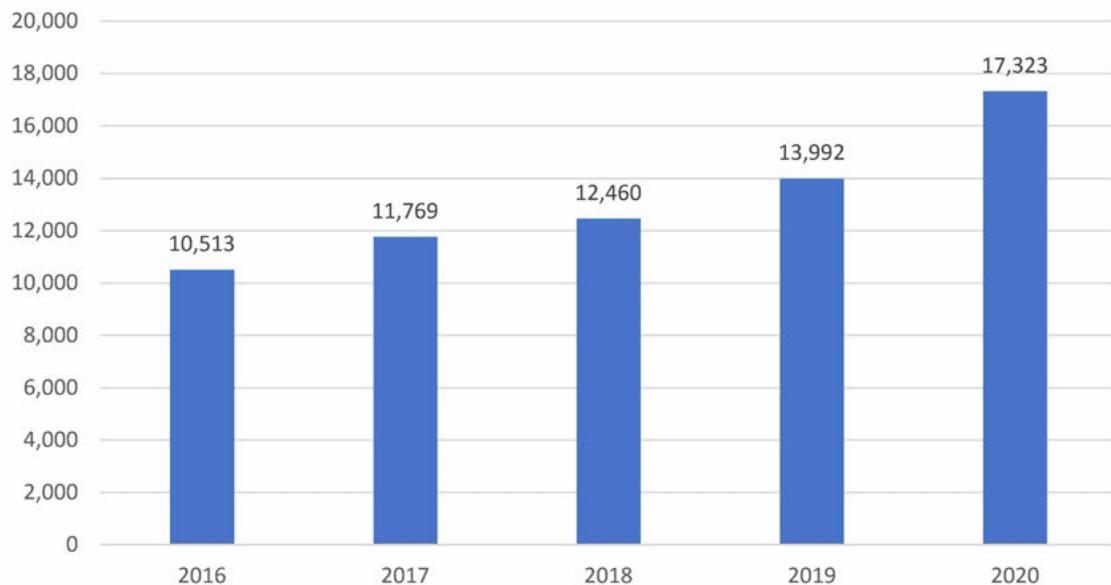
See Table N-12 in Appendix N - NFA for the detailed listing of the total number of associated weapons listed by form and weapon type for 2016 – 2020.

Special Occupational Taxpayers and Associated Revenue

FFLs who engage in importing, manufacturing, or dealing in NFA weapons are required to pay SOT, an annual tax that begins on July 1st and ends June 30th. For purposes of this section, tax year 2016 is July 1, 2015 through June 30, 2016. To pay the SOT, FFLs must complete ATF Form 5630.7.⁶⁴ As reflected

in Figure N-10, the annual total number of SOT holders increased by almost 65% between 2016 (10,513) and 2020 (17,323).

Figure N-10: Total Annual SOT Payers by Tax Year, 2016 – 2020



As reflected in Figure N-11, the annual number of licensed dealers who paid the SOT increased by 90% between 2016 (5,546) and 2020 (10,537). Manufacturers who paid the SOT also increased by 39% from 2016 (4,543) to 2020 (6,310). In contrast, the number of importers who paid the SOT only increased by a modest 12% between 2016 (424) and 2020 (476).

Figure N-11: Total Annual SOT Payers by Tax Class, 2016 – 2020



See Table N-13 in Appendix N - NFA for the detailed listing of the total number of SOT Payers by tax class and year for 2016 – 2020.

The ten states with the largest number of SOT payers in 2020 are presented in Table N-14a. These states comprise of over 43% (7,771) of the total number of SOT payers in 2020 (17,323).

Table N-14a: Top Ten SOT Payers by State and Tax Class, 2020

State	Class 1 - Importers	Class 2 - Manufacturers	Class 3 - Dealers	Total	% Total
Texas	39	748	1,035	1,822	9.8%
Florida	66	462	595	1,123	5.6%
Arizona	30	407	276	713	2.6%
Pennsylvania	17	210	457	684	4.3%
North Carolina	2	231	407	640	3.9%
Ohio	6	239	379	624	3.6%
Virginia	45	197	363	605	3.4%
Georgia	13	203	380	596	3.6%
Colorado	6	157	343	506	3.3%
Tennessee	6	131	321	458	3.0%
Total	230	2,985	4,556	7,771	43.2%

See Table N-14 in Appendix N - NFA for the complete list of SOT payers by state and tax class in 2020.

As reflected in Table N-15, the total amount of SOT revenue paid increased by almost 19% from 2016 (\$5.4 million) to 2019 (\$6.4 million). SOT revenue then declined by almost 3% from 2019 (\$6.4 million) to 2020 (\$6.2 million). Between 2016 and 2020, FFLs paid \$30.5 million in SOT.

Table N-15: SOT Revenue, 2016 – 2020

Tax Year	Annual SOT Revenue Paid
2016	\$5,420,389.57
2017	\$5,999,015.21
2018	\$6,436,728.30
2019	\$6,439,802.84
2020	\$6,260,901.21
Total	\$30,556,837.13

Summary

The annual number of NFA applications received has grown considerably over the last twenty years with a 1,231% increase in annual applications received between 2000 (41,412) and 2020 (551,074). Between 2016 and 2020, ATF received 2,073,275 eligible applications involving the registration or transfer of 10,074,950 NFA weapons. The most registered or transferred NFA weapons were silencers, machineguns, and destructive devices.

Between 2016 and 2020, FFLs paid more than \$30 million in SOT.

To facilitate the submission of NFA applications, ATF established an internet portal to accept eForm submissions in 2013. By 2020, eForms had accounted for almost half of the total number of NFA applications received by ATF. The average ATF processing time for paper NFA applications in 2020 was almost 154 days as compared to eForms which was about 8 days. The substantial decrease in eForm

processing times reflects ATF's commitment to leveraging technology to facilitate lawful firearms commerce more efficiently.