



Everything You Ever Wanted to Know About Firearms and Ammunition Excise Tax But Were Afraid to Ask

Presented by **Connie Owings,**
Pareasa Stevens, and **Brian Wissman**



5/2008



Speakers

- **TTB**
 - **Connie Owings** – Firearms & Ammunition Excise Tax (FAET) Industry Program Analyst
 - **Brian Wissman** – FAET Senior Counsel
 - **Pareasa Stevens** – Supervisor, FAET Group
- **U.S. Fish & Wildlife Service**
 - **Lori Bennett** – Program Analyst, Wildlife and Sport Fish Restoration (WSFR) Program
 - **Joyce Johnson** – Chief, Policy and Programs Division, WSFR

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Responsibilities of the FAET Group

- FAET Group Staffing
- Number of Active FAET Taxpayers
- Fiscal Year 2007 Collections
- Current Names, Addresses, Telephone Numbers, E-mail Addresses, and State Assignments of FAET Group Personnel

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Responsibilities of the FAET Group (Cont'd)

- Changes in Workload Assignments
- Attachments:
 - FAET Information Sheet
 - TTB FAET Collections by Fiscal Year
 - FAET Group Information Sheet

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50 Gun Exemption

- The 50 Gun Exemption was implemented in October 2005
 - 50 Gun Exemption Scenarios
 - Information Sheet: 50 Gun Exemption to the FAET – Filing Claims or Taking Credits
 - TTB Form 5620.8, Claim – Alcohol, Tobacco and Firearms Taxes

Tax Exempt/Tax-Free Information

- Destroy your copy of ATF Industry Circular 93-5, Tax-Exempt and Tax-Free Sales of Firearms, Shells and Cartridges.
- This ATF circular is obsolete and should not be used as a reference tool.
- TTB is in the process of revising this I.C.
- In your package you will find:
 - Tax-Exempt/Tax-Free Information Packet
 - Tax-Exempt/Tax-Free Reference Chart



Evidence to Support Tax-Exempt Sales to Military and Coast Guard

- TTB requires acceptable supporting evidence to verify tax-exempt sales to the Department of Defense and the Coast Guard.
- **QUESTION:** What proof does the U.S. Army (or other U.S. military branch) need to furnish to be exempt from FAET when such orders are placed/shipped?

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Evidence to Support Tax-Exempt Sales (Cont'd)

- **ANSWER:**
 - Generally, clearly identified orders or contracts of a military department signed by an authorized officer of the military department is sufficient to establish the right to the exemption.
 - In the absence of such orders or contracts, a statement, signed by an authorized officer of a military department or the Coast Guard that the prescribed articles were purchased with funds appropriated for that military department or the Coast Guard will constitute satisfactory evidence of the right to an exemption.

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- Industry has advised TTB that there are some incorrect versions of statements/certificates in use by the FAET industry (the “I” Forms) that do not meet the regulatory requirements.
- Use the current version of the “I” Form in your package.
- Please destroy all other editions.

- 27 CFR part 73 (see package) provides the conditions under which TTB will allow the industry to:
 - 1. Use electronic or digital signatures** executed to online forms instead of traditional handwritten signatures executed on paper forms; and
 - 2. Electronically submit** certain forms to TTB.



Electronic Signature and Submission of Forms (Cont'd)

- TTB has determined after review of 27 CFR 53.24 (Records), as well as applicable IRS Revenue Rulings, **that companies can accept and retain, signed and executed faxed copies of certain FAET records provided certain conditions are met.**

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Claims Information

- See your package for the following documents containing “updated” FAET claims information:
 - An updated version of the **FAET Claims Information Packet**
 - An updated **TTB Form 5620.8, Claim – Alcohol, Tobacco and Firearms Taxes**
 - An updated **FAET Claims Information Sheet (Cheat Sheet)**

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Miscellaneous Claims Questions

- “Hypothetical” situations posed by the industry:
 - Sales to the United Nations made through a dealer in New York City. What proof is required?
 - Government agency issues a “generic” purchase order and distributor/dealer invoices and delivers firearms on different dates before submitting an FAET claim for refund. What proof is required?

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Miscellaneous Claims Questions (Cont'd)

- More “hypothetical” situations posed by the industry:
 - A distributor operates at multiple business locations in different States, and with different business names (and licenses). Business sells/transfers firearms from one business to another, after which some firearms are sold and delivered to a tax-exempt local or State government law enforcement agency. What is the “paper trail” to claim an FAET refund?
 - Who can file a claim for credit or refund in a situation where a taxable article is sold – tax-paid – to a second or subsequent manufacturer for use in further manufacture?

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Miscellaneous FAET Information



Miscellaneous FAET Information

- Importations from Puerto Rico
- Constructive Sales Price – Special Rule – Sales to Retailer and at Retail
- Importer of Firearms – Pre-payment of Taxes
- New FAET Lockbox Mailing and Physical Address
- Due Dates and “Legal Holidays”
- Basic Filing Problems

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Miscellaneous FAET Info (Cont'd)

- Police Department Selling Firearms to its Officers
- State and Local Taxes
- Enhancement – Increasing Value of Firearm
- FAET on NFA Weapons
- FAET on Firearms Demonstrations
- Firearms in “Knockdown” Condition

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Importations from Puerto Rico

- Are firearms, shells, and cartridges brought into the United States from Puerto Rico or another United States possession taxable?
- **ANSWER:** Yes!

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Constructive Sale Price Special Rule

- What expenses can be excluded when calculating the “highest wholesale price” when using a constructive sale price for sales to retailers and at retail under the provisions of 26 U.S.C. 4216(b)(2)?

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Pre-Payment of Tax on Imports

- Can an importer of firearms pre-pay FAET?
- **ANSWER:** Yes

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Addresses for FAET Deposits and Returns

- Effective September 15, 2007, the *lockbox mailing address* for FAET deposits and returns changed.
- If for some reason you must send your check and deposit/return via express mail or by a commercial carrier (FedEx, UPS), please use the following *physical address*:

**TTB
Excise Tax
P. O. Box 979055
St. Louis, MO 63197-9000**

**U.S. Bank
Government Lockbox
979055
1000 Convention Plaza
St. Louis, MO 63101**

Phone: 314-418-4087

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Due Dates and “Legal Holidays”

- Consider the following scenario:
 - Deposit is due on Saturday, December 24 (Christmas Eve). Sunday, December 25 is Christmas Day. Monday, December 26 is a “legal holiday” (due to Christmas being on a Sunday). What is the due date of this deposit?
 - The due date of this deposit is Tuesday, December 27 since Monday is a “legal holiday.”

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Basic Filing Problems

- Failure to put Employer Identification Number (EIN) on checks or money orders.
- Failure to make the required 3 deposits in the month of September.

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Basic Filing Problems (Cont'd)

- Issues with figures entered on Line 8:
 - In order to list tax-free/tax-exempt figures on Line 8 of the FAET return, you must hold a valid Tax-Free Registration or have tax-exempt transactions.
 - You must list your tax-free registration number if you are making tax-free transactions or attach a statement if making tax-exempt transactions.
- Failure to accurately complete Schedule A:
 - Line 27(b) on the FAET return must be the same amount shown on Lines 20 and 21.

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Police Department Sales to Officers

- TTB received the following scenarios from the Chief of a Northeastern City Police Dept (NCPD):
- **Scenario #1:** The NCPD buys weapons from a distributor for official police department use by their full-time police officers. Does this qualify as a tax-free transaction?

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Police Department Sales to Officers (Cont'd)

- **Scenario #2:** The NCPD (because the department is so small – only 10 officers with a small budget) also buys weapons from a distributor for part-time police officers, but immediately requires the part-time officers to BUY their weapons from the department. They set up a payment plan for the part-time officers, withholding a certain amount of money from their weekly paychecks. Since the department knows upon purchase of their weapons from the distributor that they are “re-selling” the weapons, could this still be a tax-free transaction on an exemption certificate?

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Police Department Sales to Officers (Cont'd)

- TTB arrived at the following conclusion – **Neither of the sales qualify as a tax-free transaction.**

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State and Local Taxes

- Are local taxes to be included in the tax base?
- Since there are no provisions that specifically *exclude* State or local sales tax, it may be included in the taxable sale price.

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Enhancement—Increasing Value of Firearms

- **Scenario:** A manufacturer of firearms sold a firearm last year to an individual for \$6,000. A year later, the customer returns for upgrades. Some of the upgrades are:
 - Upgraded trigger
 - Polished sides
 - Wood upgrade
 - Upgraded checkering
- Is FAET due on the increased value (\$2,500) of the firearm?
 - Based on our research, it was TTB's opinion that "no manufacturing" had occurred and no additional FAET was due.
 - In our interpretation of what constitutes manufacturing, we determined that upgrades and checkering are not considered "manufacturing" for FAET purposes.

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FAET on NFA Weapons

- Is FAET due on sales of NFA (full auto) firearms?
 - Most of these sales or transfers are only to local and State government law enforcement agencies, which would be exempt.
 - A few sales are to Federal Government agencies, who are not exempt.
 - A few sales are to functions of the U.S. military.
 - A few sales are for export or delivery outside the U.S.
- Either FAET or NFA Transfer Tax must be paid.

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FAET on Firearms Demonstrations

- Is FAET due on ammunition used in firearms demonstrations (many of which are held for local and State government law enforcement agencies)?

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FAET on Firearms Demos (Cont'd)

- If **employees of a manufacturer or producer are demonstrating** firearms and ammunition, this activity is considered business use and is taxable.
- If firearms and ammunition **are used by State and local government personnel during demonstrations**, then this activity would not be taxable based on the exemption provided by 27 CFR 53.111(e).
- If firearms and ammunition **are used by Federal Government personnel (other than DOD or the Coast Guard) during demonstrations**, then this activity would be taxable.

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FAET on Firearms Demos (Cont'd)

- Taxpayer/entity must maintain proper records to reflect whether the activities are taxable or non-taxable, which will hinge on who is using the firearms and ammunition during the demonstrations.

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Firearms in “Knockdown” Condition

- Consider the following scenario:
 - Dealers and buyers need to know when the FAET is due on firearms sold (purchased) in a “knockdown” condition (top vs. bottom).
- Tax attaches to sales of completed firearms, pistols, revolvers, and cartridges and to the sale of such articles that, although in knockdown condition, are complete as to all component parts.

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Items of Interest

- Check the Firearms and Ammunition page of TTB's Web site, www.ttb.gov, for pertinent FAET issues.
- An FAET Reference CD is forthcoming on all information presented at this seminar and at previous seminars. The CD will be updated as needed.
- Revised versions of TTB Form 5300.26, Federal Firearms and Ammunition Excise Tax Return, and TTB Form 5300.27, Federal Firearms and Ammunition Excise Tax Deposit, are available on TTB.gov.

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More Items of Interest

- Pay.gov will soon be offered to FAET payers. Watch TTB.gov for news!
- An FAET Seminar is in the planning stages for 2008 in Dallas, Texas. We will send a mailing to notify the FAET industry of this seminar. Also, watch the TTB Web site for an announcement.

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Summary of Morning Session

- **PLEASE FILL OUT THE BLUE SHEETS THAT YOU HAVE BEEN PROVIDED AND DROP THEM IN THE BASKET AT THE BACK OF THE ROOM.**
 - Provide TTB your company's information for receipt of an FAET Reference CD.
 - Ask any additional questions that you may have—we will answer any questions either by e-mail or in letter form.
 - Take this opportunity to provide input for any upcoming seminars.

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What to Expect in the Afternoon Session

- **Explanation of the following TTB Forms:**
 - TTB Form 5300.27, Federal Firearms and Ammunition Excise Tax Deposit
 - TTB Form 5300.26, Federal Firearms and Ammunition Excise Tax Return
 - TTB Form 5300.28, Application for Registration for Tax-Free Transactions Under 26 U.S.C. 4221
- **An informative presentation by the U.S. Fish and Wildlife Service.**

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Deposit, Return, and Tax-Free Registration Application Instructions



Forms Instructions

- This portion of the presentation provides you with line-by-line instructions on how to properly complete:
 - TTB Form 5300.27, Federal Firearms and Ammunition Excise Tax Deposit
 - TTB Form 5300.26, Federal Firearms and Ammunition Excise Tax Return
 - TTB Form 5300.28, Application for Tax-Free Transactions Under 26 U.S.C. 4221

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Correct Completion of Forms

- Although each form contains instruction sheets, we find that a large majority of the submitted forms are either improperly or incorrectly completed.
- This results in a longer processing time for each document and sometimes requires TTB to contact the taxpayer for additional information.
- Please take a moment to go over the instruction sheets the next time you fill out one of these forms.
- Also, before completing these forms, please review the instruction sheet(s) attached to each form.

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Handouts

- Copy of TTB Form 5300.27, Federal Firearms and Ammunition Excise Tax Deposit
- Explanation of TTB Form 5300.27, Federal Firearms and Ammunition Excise Tax Deposit **(Pages 1-2)**
- Copy of TTB Form 5300.26, Federal Firearms and Ammunition Excise Tax Return
- Explanation of TTB Form 5300.26, Federal Firearms and Ammunition Excise Tax Return **(Pages 3-10)**
- Copy of TTB Form 5300.28, Application for Registration for Tax-Free Transactions Under 26 U.S.C. 4221
- Explanation of TTB Form 5300.28, Application for Registration for Tax-Free Transactions Under 26 U.S.C. 4221 **(Pages 11-16)**

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TTB Form 5300.27, Federal Firearms and Ammunition Excise Tax Deposit



TTB F 5300.27, Federal FAET Deposit

- Complete in duplicate (taxpayer keeps one copy and one is sent to TTB)
- **Line 1** – Check applicable box. **(Remember there are three deposit periods in the month of September.)**
- **Line 2** – Enter correct calendar year.
- **Line 3** – Employer Identification Number (EIN) is mandatory.

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TTB F 5300.27 (Cont'd)

- **Line 4** – Enter amount of deposit.
This must agree with amount entered on applicable line in Schedule A (Statement of My Net Tax Liability During This Tax Period) of TTB Form 5300.26, Federal Firearms and Ammunition Excise Tax Return.
- **Line 5** – Check applicable box.
- **Line 6** – Be sure the name, trade name, and complete address is listed.

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TTB F 5300.27 (Cont'd)

- **Line 7** – Daytime phone number should be listed (including area code).
 - A deposit is required to be filed by taxpayer during any semi-monthly period that their tax liability reaches or exceeds \$2,000.
 - Please refer to the chart in Item D of the “General Instructions” for the due dates of deposits.
 - If you pay your taxes via Electronic Funds Transfer (EFT), **REMEMBER YOU STILL MUST TIMELY FILE YOUR DÉPÔT FORM.**
- **Deposits must be mailed to the following address:**
 - TTB
 - Excise Tax
 - P.O. Box 979055
 - St. Louis, MO 63197-9000

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Questions on Deposits?

- **Please direct your questions to:**
 - **Mail:** Alcohol and Tobacco Tax and Trade Bureau
National Revenue Center
FAET Group
8002 Federal Office Building
550 Main Street
Cincinnati, OH 45202-5215
 - **Phone:** Toll Free: 877-882-3277
Group Direct Line: 513-684-3817
 - **E-Mail:** ttbfaet@ttb.gov

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TTB Form 5300.26, Federal Firearms and Ammunition Excise Tax Return



TTB F 5300.26, Federal FAET Return

- Complete in duplicate (taxpayer keeps one copy and one is sent to TTB)
- **Part I – General**
 - **Line 1** – Be sure the name, trade name, and complete business address is listed.
 - **Line 2** – Daytime phone number (including area code) and daytime e-mail address should be listed.
 - **Line 3** – Employer Identification Number (EIN) is mandatory for an ongoing business. A Social Security Number (SSN) is acceptable for one-time or occasional filers.

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TTB F 5300.26 (Cont'd)

- **Line 4** – If a final return, see Item K in the “General Instructions” for information required.
- **Line 5** – Check applicable block.
- **Line 6** – Is usually a quarterly period (i.e., 01/01/08-03/31/08), but if the taxpayer is required to file semi-monthly or monthly returns, it could be those periods.

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- **PART II – Calculation of Taxes on Sales or Uses During this Tax Period**
- **Line 7** – This line should not include FAET that may have been included in the sales price.
 - Enter the dollar amount of your total sales of taxable articles, including tax-exempt or tax-free sales during the tax period listed in Line 6.
 - Do not include articles if you are not the manufacturer, producer, or importer for purposes of this tax.
 - Except for leases and certain installment sales, you must include all sales regardless of whether your customers paid you.

- The sales price is usually stated on the customer's invoices. You should also include the dollar value of things other than money given as consideration for the article, e.g., services, personal property, and articles traded in.
- Do not include the sales price of non-taxable articles unless you sold it as a unit with the taxable article.
- When a taxable article is sold as a unit with a non-taxable article (e.g., a pistol and holster) or with extra parts or accessories, you should enter the sales price of the unit. If a taxable sale, you must adjust the unit's sales price on Line 10 to exclude the non-taxable article, part, or accessory.



TTB F 5300.26 (Cont'd)

- **Line 8** – You must enter the sales price of all articles included in Line 7 that you sold tax-free or tax-exempt. Please refer to the chart in Line 8 “Specific Instructions” for information on tax-free or tax-exempt sales.
 - Do not include the sales of articles sold taxpaid to customers who later resell or use the articles for tax-free purposes; however, you may take a credit in Schedule C (My Decreasing Adjustments) or file a TTB F 5620.8, Claim – Alcohol, Tobacco and Firearms Taxes, for a refund.
 - Taxpayer may need a Certificate of Registry that is obtained by filing a TTB F 5300.28, Application for Registration for Tax-Free Transactions Under 26 U.S.C. 4221.
 - Failure to follow requirements or to be properly registered may result in additional penalties and interest.
- **Line 9** – Line 7 minus Line 8

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TTB F 5300.26 (Cont'd)

- **Line 10** – You must enter the net amount of adjustments to the sales prices of taxable sales for this tax period from Line 9.
 - Price readjustments in the same tax period in which the sale occurs also may be taken in this line, as an adjustment to the tax in Schedule C, or used in determining the sales price (Line 7).
 - Do not use Line 10 to subtract the sales price (including excise tax) that you paid to another manufacturer or importer.
 - If you further manufacture articles on which excise tax was paid by another person, you may take a credit in Schedule C or file TTB F 5620.8, Claim – Alcohol, Tobacco and Firearms Taxes, for a refund.
 - Eligible adjustments are allowed for certain items only when included in the sales price to your customer. (Please see the chart in Line 10 of the “Specific Instructions” for detailed information on eligible adjustments.)

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Eligible Adjustments

- **Exclusions (Decreasing Adjustments)**
 - You may take decreasing adjustments for the following items when included in the sales price of the article and not as a separate charge:
 - This excise tax.
 - Any charges for transportation, delivery, insurance, installation, and other expenses actually incurred in connection with the delivery of an article to a purchaser in connection with a bona fide sale.
 - Local advertising charges when certain conditions are met.
 - Extra and identical parts and accessories.
 - Non-taxable articles when sold in combination with a taxable article.

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Inclusions (Increasing Adjustments)

- You may have to increase the sales price of a taxable article from the amount shown on your invoice.
- When calculating your sales price you must include the following:
 - Any charge that is required by the manufacturer, producer, or importer to be paid as a condition of the sale, which is not an expense falling within one of the allowable exclusions.
 - Any charges for tools and dies used in production.
 - A charge for a warranty. This depends on whether the warranty is optional or required.
 - Any charges for coverings, containers, and packing.
 - Taxable and non-taxable articles sold as a unit.

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Constructive Sales Price

- Certain types of sales require increasing or decreasing adjustments (also referred to as a constructive sales price (CSP)) because the manufacturer, producer, or importer is constructing a new taxable price for the taxable article.
- Use of a CSP will arise where the taxable article is not sold at wholesale.
- A manufacturer, producer, or importer may elect or will be required to use a CSP so that its taxable sale price for various types of sales are at or near the established wholesale price of the taxable article.

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Constructive Sales Price (Cont'd)

- When a manufacturer, producer, or importer makes a sale at retail or to retailers, he **may elect** to base the FAET on either the actual sale price or a CSP, which will be a percentage of the actual sale price to either retailers or at retail.
- When a manufacturer, producer, or importer makes a sale "not at arms length and at less than fair market value" he **is required** to use CSP in lieu of its actual sales price.
- There are other circumstances which may require a CSP to be used. (See the regulations listed in the above mentioned chart for these circumstances.)

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TTB F 5300.26 (Cont'd)

- **Line 11** – Line 9 plus or minus Line 10.
- **Line 12** – You must pay the tax on your business use of taxable articles that you manufactured or imported.

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TTB F 5300.26 (Cont'd)

- If you regularly sell the articles, you must:
 - Compute the tax based on the lowest established wholesale price.
 - Enter the sum of the prices for articles used.
- Use includes:
 - Loans of articles for display.
 - Demonstration or familiarization.
 - Further manufacture of an article not subject to FAET.

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TTB F 5300.26 (Cont'd)

- **Line 13** – Line 11 plus Line 12.
- **Line 14** – Multiply by applicable tax rate.
- **Line 15** – Multiply Line 13 by Line 14.

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TTB F 5300.26 (Cont'd)

- **PART III – Calculation of My Tax Liability for this Tax Period**
- **Line 16** – Total of amounts from Line 15.
- **Line 17** – Include all increasing adjustments reflected in Schedule B.
 - Use Schedule B to report adjustments increasing the amount of tax you owe.
 - Examples include:
 - Errors you made in calculating the tax you owed in a previous tax return period that resulted in an underpayment of your tax.
 - Penalties and/or interest you owe on increasing adjustments.
- **Line 18** – Line 16 plus Line 17.

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- **Line 19** – The amount you show on this line cannot exceed the amount on Line 18. Any excess must be carried over as a credit on your next tax return in Schedule C, Line 37 or you can file TTB F 5620.8, Claim – Alcohol, Tobacco and Firearms Taxes, for a refund.
 - Use Schedule C to report adjustments decreasing the amount you owe.
 - Examples include:
 - Errors you made in calculating the tax owed in a previous tax return period that resulted in an overpayment of tax.
 - Interest we owe you on decreasing adjustments.

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- You must fully explain any adjustments you list in Schedules B and C and you may not make adjustments earlier than the period in which they arose.
- You must explain and submit documentation on any claim for credit that you file as required by 27 CFR part 53 and 27 CFR 70.123.

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TTB F 5300.26 (Cont'd)

- **Line 20** – Line 18 minus Line 19.
 - The amount **must agree** with Schedule A, Line 27.
 - The amount of this line cannot be less than zero.
- **Line 21** – You must enter the total amount of deposits made on TTB F 5300.27, Federal Firearms and Ammunition Excise Tax Deposit, for the tax return period.
- **Line 22** – Any tax due (amount that Line 20 exceeds Line 21).
 - Checks or money orders must be made payable to the Alcohol and Tobacco Tax and Trade Bureau and must include taxpayer's EIN or SSN.

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TTB F 5300.26 (Cont'd)

- **Line 23** – If you are unable to apply your overpayment to your next return because you are filing a one-time, occasional or final return, you may file a TTB F 5620.8, Claim – Alcohol, Tobacco and Firearms Taxes, with the FAET Group at the National Revenue Center for a refund.

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Schedule A: Statement of My Net Tax Liability During This Tax Period

- **Lines 24, 25, 26** – Net tax liability for each semi-monthly period.
- **REMEMBER THERE ARE THREE SEMI-MONTHLY PERIODS IN THE MONTH OF SEPTEMBER.**
- **Line 27** – Total of columns (b) of Lines 24, 25, and 26.
 - If taxpayer is required to deposit taxes, Schedule A must be completed.
 - Start entering tax liability beginning in the period in which unpaid tax liability reaches or exceeds \$2,000.

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TTB F 5300.26 (Cont'd)

- For the remaining periods during the quarter, enter the tax liability based on what Line 20 of this return would show if the return was completed just for that period.
- Remember, adjustments (Schedules B and C) may not be made earlier than the period in which they arose.

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Schedule B: My Increasing Adjustments

- **Lines 28-31** – Explanation and amount of increasing adjustments (including applicable penalties and interest).
- **Line 32** – Totals of Lines 28-31, Columns b, c, and d.
- **Line 33** – Total increasing adjustments (Line 32, columns b, c, and d).

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Schedule C: My Decreasing Adjustments

- **Lines 34-36** – Explanation and amount of decreasing adjustments (including applicable interest).
- **Line 37** – List any credit you may have from a previous period.
- **Line 38** – Total of Lines 34-37, columns b and c.
- **Line 39** – Total decreasing adjustments (Line 38, columns b and c.)

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Certification

- **Line 40** – Date return is signed.
- **Line 41** – **Original** signature is required.
- **Line 42** – Title of person signing return.



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Who Must Sign the Return?

- **If you are filing this return as a(n) –**
 - **Individual:** You must sign.
 - **Sole Proprietorship:** You must sign.
 - **Partnership, LLC, etc.:** A responsible and authorized member or officer having knowledge of your affairs must sign.
 - **Corporation:** The president, vice president, or other principal officer having knowledge of your affairs must sign.
 - **Trustee or estate:** The fiduciary must sign.
 - **Any of the above:** An agent of the taxpayer may sign if an acceptable power of attorney is on file with the FAET Group at the NRC.

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Mailing Your Return

- This return must be mailed to the following address on a timely basis:

TTB
Excise Tax
P.O. Box 979055
St. Louis, MO 63197-9000



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Questions on Filing Your Return?

- **Please direct your questions to:**
 - **Mail:** Alcohol and Tobacco Tax and Trade Bureau
National Revenue Center
FAET Group
8002 Federal Office Building
550 Main Street
Cincinnati, OH 45202-5215
 - **Phone:** Toll Free: 877-882-3277
Group Direct Line: 513-684-3817
 - **E-Mail:** ttbfaet@ttb.gov

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TTB Form 5300.28, Application for Registration for Tax-Free Transactions Under 26 U.S.C. 4221



TTB Form 5300.28

- Complete and submit 2 copies of this application to TTB. One of these will be returned to you upon approval. We suggest you keep a copy of your application when submitted.
- **Line 1** – To be completed by all applicants.
 - **If individual**, list name of individual.
 - **If sole proprietorship**, list business owner's name.
 - **If partnership**, list partner's names.
 - **If limited liability company (LLC)**, list company name.
 - **If corporation**, list corporate name.
- **Line 2** – To be completed by all applicants.
 - Applicant's **CURRENT** Employer Identification Number (EIN) or Social Security Number (SSN); if not, a business must be listed.
 - Please do not list your Federal Firearms License (FFL) number in this line.

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TTB F 5300.28 (Cont'd)

- **Line 3** – To be completed by all applicants.
 - List trade or business name (**if different than Line 1**).
- **Line 4** – To be completed by all applicants.
 - List daytime phone number (include area code)
- **Line 5** – To be completed by all applicants.
 - Complete business address (premises and mailing).
- **Line 6** – To be completed by all applicants.
 - Choose appropriate category (ies).

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TTB F 5300.28 (Cont'd)

- **Line 7A** – To be completed by all applicants.
 - Check “yes” or “no.” If “yes,” please describe circumstances.
- **Line 7B** – To be completed by all applicants.
 - Provide a complete description of your business or, if a State or local government, your functions.
 - Example:
 - I am a manufacturer, producer, or importer of firearms and ammunition selling firearms and ammunition for further manufacture, for export, for supplies on vessels and aircraft, to non-profit educational organizations and to State and local government agencies.

Alcohol and Tobacco Tax and Trade Bureau



TTB F 5300.28 (Cont'd)

- Example:
 - Blank University is a regional, co-educational, public institution of higher education offering general and liberal arts programs, pre-professional and professional training in education and various other fields at both the undergraduate and graduate levels. Established by legislation enacted by the State General Assembly of 1906 and becoming a four-year institution in 1922, Blank University is sanctioned to award graduate degrees in numerous academic fields. We are a non-profit educational organization described in Section 170(b)(1)(A)(ii) of the Internal Revenue Code that is exempt from income tax under Section 501(a) of the Code. We are attaching a copy of our Section 501(a) classification issued by the Internal Revenue Service.

Alcohol and Tobacco Tax and Trade Bureau



TTB F 5300.28 (Cont'd)

- Example:
 - The city Police Department is a full-service, State-accredited police department operating 24 hours a day, 7 days a week providing the citizens with information, as well as opportunities that will reduce crime and enhance the quality of life for everyone. The officers of this department are empowered to fairly and diligently enforce all laws, bringing to justice those who violate them. We will strive to improve the quality of life by reducing crime and the fear of crime through a dedicated partnership with the community and endeavor to offer uncompromising personalized service to our customers.

Alcohol and Tobacco Tax and Trade Bureau



TTB F 5300.28 (Cont'd)

- **Line 7C** – To be completed by all applicants.
 - Provide a complete explanation of your need for each category applied for.
 - For each category, include an estimate of the quantity of firearms and ammunition to be sold, purchased, or used within a specified period of time.
 - Also, indicate the types of customers to whom you will be selling or your uses for each category.
 - If you already know to whom you will be selling, you may include the actual names of your customers.

Alcohol and Tobacco Tax and Trade Bureau



TTB F 5300.28 (Cont'd)

- For example:
 - Each year, I will sell approximately 200 firearms and 5,000 rounds of ammunition to the State police for use in their official duties.
 - Each year, I plan to purchase from Manufacturer A approximately 100 firearms on which I will perform further manufacture.
 - Each year, I plan to purchase from Manufacturer A approximately 500 rounds of ammunition for use in testing (further manufacture).

Alcohol and Tobacco Tax and Trade Bureau



TTB F 5300.28 (Cont'd)

- More examples:
 - Each year, I plan to purchase 200 firearms from Manufacturer A that I plan to export to a customer in Italy.
 - Four times a year, we plan to purchase from Manufacturer A, approximately 1,000 rounds of ammunition to be used by our University staff during law enforcement training classes.
 - Each year, we plan to purchase from Manufacturer A approximately 100 firearms and 5,000 rounds of ammunition for the exclusive use of our city police department.

Alcohol and Tobacco Tax and Trade Bureau



TTB F 5300.28 (Cont'd)

- **Line 7D (1)** – To be completed by business applicants.
 - Identify any business subject to any manufacturer's excise tax under Chapter 32 of the Internal Revenue Code (includes excise tax on automobiles, tires, fuels, vaccines and recreational equipment) that you controlled in the past 2 years.
 - State name, address, taxpayer identification number (Employer Identification Number (EIN) or social Security number (SSN)) of each business.
 - For example:
 - John Doe Sporting Goods**
 - 1234 Main Street**
 - Any City, OH 45200**
 - EIN: 12-345678**
 - (Paid excise taxes on bows and arrows manufactured and sold.)**

Alcohol and Tobacco Tax and Trade Bureau



TTB F 5300.28 (Cont'd)

- **Line 7D (2)** – To be completed by business applicants.
 - Identify each person's or company's name (including other businesses), date of birth, SSN or EIN, residential address or principal place of business, as applicable, who:
 - a) Is a director, an officer, a partner, a member, or the sole proprietor.
 - b) Owns more than 10% of the outstanding stock of the applicant.
 - c) Directs the management and policies for purchasing, selling, or using firearms or ammunition of the business.

Alcohol and Tobacco Tax and Trade Bureau



TTB F 5300.28 (Cont'd)

- **Line 7E** – To be completed only if you are an educational organization.
 - You must supply proof that you are a educational organization as defined in 27 CFR 53.136(b), which means an organization described in Section 170(b)(1)(A)(ii) of the Code that is exempt from income tax under Section 501(a) of the Code.
 - Section 170(b)(1)(A)(ii) describes an “educational organization” as one that normally maintains a regular faculty and curriculum and normally has a regular enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on.

Alcohol and Tobacco Tax and Trade Bureau



TTB F 5300.28 (Cont'd)

- The term “educational organization” also includes a school operated as an activity of an organization described in Section 501(c)(3) of the Code which is exempt from income tax under Section 501(a) of the Code, provided the primary function of such school is the presentation of formal instruction and provided such school normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on.

Alcohol and Tobacco Tax and Trade Bureau



TTB F 5300.28 (Cont'd)

- If your organization fits the description of “educational organization,” you must provide:
 - A copy of the organization Charter or articles of incorporation **AND**
 - A copy of the Internal Revenue Service notification that your organization meets the Exempt Status Under Section 501(c)(3) of the Internal Revenue Code.

Alcohol and Tobacco Tax and Trade Bureau



TTB F 5300.28 (Cont'd)

- **Line 7F** – To be completed by all applicants (if necessary).
 - Any additional information that TTB requests to clarify the information requested by this application.
- **Line 8** – Indicate the number of pages attached to this application.
 - Indicate if you already have information on file with TTB.

Alcohol and Tobacco Tax and Trade Bureau



TTB F 5300.28 (Cont'd)

- **Line 9a** – Original signature is required.
- **If you are filing this application as a(n) –**
 - **Individual:** You must sign.
 - **Sole Proprietorship:** You must sign.
 - **Partnership, LLC, etc.:** A responsible and authorized member or officer having knowledge of your affairs must sign.
 - **Corporation:** The president, vice president, or other principal officer having knowledge of your affairs must sign.
 - **Trust of estate:** The fiduciary must sign.
 - **Any of the above:** An agent of the taxpayer may sign if an acceptable Power of Attorney is on file with the FAET Group at the NRC.

Alcohol and Tobacco Tax and Trade Bureau



TTB F 5300.28 (Cont'd)

- **Line 9b** – List title of person signing the application.
- **Line 9c** – Date application is signed.

Alcohol and Tobacco Tax and Trade Bureau



Mailing Your Application

- Before you can make tax-free transactions, TTB must approve your application and provide you with a Tax-free Registration Number.
- This number must be input on Line 8 of any tax returns that you file that reflect tax-free sales in Line 8.
- This application must be mailed to the following address on a timely basis:

Alcohol and Tobacco Tax and Trade Bureau
National Revenue Center
FAET Group
8002 Federal Office Building
550 Main Street
Cincinnati, OH 45202-5215

Alcohol and Tobacco Tax and Trade Bureau



Questions on This Application?

- **Please direct your questions to:**
 - **Mail:** Alcohol and Tobacco Tax and Trade Bureau
National Revenue Center
FAET Group
8002 Federal Office Building
550 Main Street
Cincinnati, OH 45202-5215
 - **Phone:** Toll Free: 877-882-3277
Group Direct Line: 513-684-3817
 - **E-Mail:** ttbfaet@ttb.gov

Alcohol and Tobacco Tax and Trade Bureau



DISCLAIMER

THE INFORMATION CONTAINED IN THIS PRESENTATION IS INTENDED TO PROVIDE THE READER WITH GUIDANCE AS TO GENERAL ISSUES RELATED TO THE FIREARMS AND AMMUNITION EXCISE TAX IMPOSED UNDER TITLE 26, UNITED STATES CODE, CHAPTER 32, SUBCHAPTER D AND TITLE 27, CODE OF FEDERAL REGULATIONS, PART 53.

THIS INFORMATION IS NOT INTENDED TO BE INTERPRETED AS THE OFFICIAL POSITION OF TTB AS TO THE TAX LIABILITY OF ANY INDIVIDUAL OR PERSON UNDER THESE STATUTORY AND REGULATORY PROVISIONS. ANY QUESTION RELATED TO A SPECIFIC SITUATION SHOULD BE REFERRED TO TTB AT:

ALCOHOL & TOBACCO TAX AND TRADE BUREAU
NATIONAL REVENUE CENTER
ATTN: FAET GROUP
8002 FEDERAL OFFICE BLDG., 550 MAIN STREET
CINCINNATI, OHIO 45202-5215

Alcohol and Tobacco Tax and Trade Bureau