

## New Chief of AIE Branch

By the Editor

On May 7, 2001, Sanford Lett began his appointment as Chief, Alcohol Imports/Exports (AIE) Branch, Alcohol & Tobacco Programs Division. AIE Branch carries out ATF's regulatory authority in matters affecting international trade in alcohol beverages. AIE Branch works closely with other Federal agencies to resolve alcohol trade issues. The branch also serves as a technical advisor on alcohol matters to the Office of the U.S. Trade Representative and in this capacity participates in trade talks with foreign governments and international organizations such as the World Trade Organization.

Mr. Lett began his career with ATF at the National Revenue Center (then Tax Processing Center), Cincinnati, Ohio, in 1989. In 1990, he earned the promotion to position of inspector working from the Columbus, Ohio, post of duty. His career development continued, as he was promoted, in 1997, to the position of Supervisor, Wine Unit, at the National Revenue Center, Cincinnati, Ohio. Mr. Lett's accomplishments include supervising, during a 5 month period, our Product Compliance Branch (now Alcohol Labeling and Formulation), serving as project officer in the Diversion Branch, and working as program coordinator on the Office of Alcohol and Tobacco's Policy and Programs Coordination Staff.

Mr. Lett majored in administrative management and foreign languages at the University of Cincinnati and worked for several years in Europe as a German/Spanish linguist for the National Security Agency. Prior to joining ATF, he held managerial

positions in the private sector that included staff manager, district manager and state supervisor in the insurance industry. □

## Special Tax Annual Renewal due July 1!

By Shirley Osborne (202) 927-8200

On May 4, ATF mailed preprinted Annual Special Tax Renewal Registration and Return packages for Tax Year 2002 to 290,913 taxpayers, totaling 405,271 business locations. A second renewal mailing will take place on June 4. Special tax is paid for each business location at a tax rate ranging from \$250 for alcohol beverage retail dealers to \$1,000 for alcohol and tobacco manufacturers and producers. Certain firearms importers and manufacturers also pay the tax.

Special tax is an occupational tax imposed by the Internal Revenue Code and ATF is responsible for collecting the tax. A tax return and payment is due upon initially commencing business activities and again each year by July 1. The tax year runs July 1 through June 30. Special tax is different from many other taxes and is paid in advance of taxable business operations and not after the fact. It is important that taxpayers file their tax returns and pay special tax timely to avoid penalty and interest payments.

Businesses liable for the special tax that have not received the preprinted forms by mid-June, should contact the ATF National Revenue Center toll free at 1-800-937-8864 or direct at (513) 684-2979 during the hours between 8:30 am and 4:30 pm, Eastern time for assistance and to obtain forms and instructions. Businesses may also

contact the nearest ATF Field Division or Headquarters Office for help. ATF Form 5630.5, Special Tax Registration and Return (Alcohol and Tobacco) can be downloaded and printed from the ATF website. □

## Canadian Tobacco Tax Measures



By Tami Light (202) 927-3580

The Canadian Federal Government has introduced a comprehensive package of tax measures designed to improve the health of Canadians by reducing tobacco consumption. This package of tax measures includes a new tobacco tax structure that reduces the incentive to smuggle Canadian-produced tobacco products back into Canada from export markets. The package also includes a Canadian tobacco tax increase. With respect to the tobacco taxes, effective April 6, 2001, a combined federal-provincial tax increase of \$4 per carton of cigarettes will be applied in New Brunswick, Prince Edward Island, Nova Scotia, Ontario and Quebec. Additionally, a federal excise tax increase of \$1 per 200 grams of fine-cut tobacco and \$1 per carton of tobacco sticks will be introduced in all provinces and territories.

Canada's tobacco strategy also provides additional resources to the Royal Canadian Mounted Police, Canada Customs and Revenue Agency, Solicitor General Canada and the Department of Justice to improve their ability to monitor and assess smuggling activity. These resources will be dedicated to providing timely and accurate information on the nature and extent of contraband activity thereby enabling the Government to establish

tobacco tax policy; make decisions on the sustainability, size and frequency of future increases; and evaluate the impact of any tax increase.

ATF is actively working with its Canadian Counterparts in developing initiatives to monitor and assess the illicit cross border tobacco market and associated criminal activity. □

## Update on the FCTC

By Tami Light (202) 927-3580

The second session of the Intergovernmental Negotiating Body (INB 2) on the Framework Convention on Tobacco Control (FCTC) was held in Geneva from April 30 to May 4, 2001. Representatives from over 150 countries convened to continue work started in October 2000, on a Global Tobacco Control Agreement. The World Health Organization (WHO) launched the agreement known as the Framework Convention on Tobacco Control (FCTC) in an attempt to address the spread of tobacco consumption around the world. An interagency delegation comprised of representatives from Health and Human Services, the Department of Agriculture, the State Department and ATF represented the United States Government in this effort.

ATF participated in this second round of negotiations on the FCTC by providing guidance and input into the development of anti-smuggling provisions. The U.S. recognizes that the smuggling of tobacco products undermines public health policies and initiatives and thus offered its support of measures aimed at combating the illicit trade of contraband tobacco products. As anticipated, there was strong interest by almost all participating Members' States in favor of including detailed strong measures in the FCTC to eliminate all forms of illicit trade of tobacco products.

Delegates from the various Member States will meet again in November to continue negotiating the terms of the treaty. □

## Notice

By Jennifer Berry (716) 551-4048

ATF published a Notice of Proposed Rulemaking (Notice 915) on April 17, 2001, proposing the addition of the Counoise and St. Laurent grapes to the list of approved American grape variety names. The notice is the result of petitions received from U.S. wineries. Both are Old World grapes, now grown in the U.S. Counoise is a red varietal, originally from the Rhône region of France, where it has traditionally been a component of Châteauneuf-du-Pape. St. Laurent, also a red varietal, is grown mainly in Central Europe and is particularly suited to cooler climates.

ATF is requesting comments on this proposal. Written comments must be received by June 18, 2001, and should be sent to: Chief, Regulations Division, Bureau of ATF, P.O. Box 50221, Washington, DC 20091-0221 (Attn. Notice No. 915). Comments may also be submitted by e-mail to [nprm@atfhq.atf.treas.gov](mailto:nprm@atfhq.atf.treas.gov), or by fax (if three pages or less) to (202) 927-8525. □

## Virtual Reading Room

By Marjorie Ruhf (202) 927-8210

Regulations Division is planning to make rulemaking comments available online in the future. We are working with the web team on methods of storing, indexing and displaying comments. When we are ready to begin, we will place new language in proposed rules to let prospective commenters know their comments will be posted online as well as in the ATF Headquarters Reading Room. □

## Viticultural Area

By Lisa Gesser (202) 927-8210

On May 15, 2001, Treasury Decision ATF-453 was published in the Federal Register. Effective on July 16, 2001, this final rule establishes a viticultural

area to be known as "Long Island," located in Nassau and Suffolk counties, New York. This action is the result of a petition filed by Richard Olsen-Harbich on behalf of Raphael Winery, the Petrocelli Family, and Karen Meredith of Broadfields Vineyards. □

## E-Filing Pilot Continues

By Tom Stewart (202) 927-8200

This is an update on our electronic filing project. ATF received its first electronic filing and associated payment, using the Alcohol and Tobacco Excise Tax Form, ATF F 5000.24, on 10/26/00. Since then we have added 5 taxpayers (all tobacco products manufacturers) to the program. The first occasion on which all six taxpayers participated occurred for the tax due April 27, 2001. The filings by these companies totaled \$121,223,760.47. We anticipate that between 20-25% of all funds collected by ATF each tax period will be through the e filing program. Pay.gov now accommodates payments made via the ACH (Automated ClearingHouse) network (incorporated in Pay.gov), or through the existing Fedwire system. One pilot participant is paying through a digital cash pilot with Treasury's Financial Management Service (FMS), however ATF receives a wire transfer. All participants have expressed great satisfaction with the system and are eager to utilize additional forms of electronic filing.

ATF and FMS, who is developing Pay.gov, are continuing to work to create electronic versions of new forms. The next form scheduled to be piloted will be the tobacco manufacturer's monthly report, ATF F 5210.5, later this summer. We will expand E-filing pilots to the alcohol industry starting with the brewer's monthly report, ATF F 5130.9, by the end of this year. Wine and spirits E-filing pilots for monthly reports will follow in 2002. We will be looking for companies of all sizes who are interested in participating in the pilot projects and will be reaching out for volunteers as the program continues. □