

DEPARTMENT OF THE TREASURY

Bureau of Alcohol, Tobacco and Firearms

T.D. ATF-394

Manufacturers Excise Taxes--Firearms and Ammunition (95R-055P)

AGENCY: Bureau of Alcohol, Tobacco and Firearms (ATF), Treasury.

ACTION: Final rule (Treasury decision).

SUMMARY: This final rule adopts without change temporary regulations published in the Federal Register on July 16, 1996. The temporary rule amended the regulations in 27 CFR part 53 that require exemption certificates or vendee statements in support of certain tax-free sales of firearms and ammunition. As amended by the temporary rule and this final rule, the regulations provide that taxpayers may use a preprinted document as an exemption certificate or vendee statement, or design their own certificate and statement using specified information. The regulatory amendments are part of the Administration's efforts to reduce regulatory burdens and streamline requirements.

EFFECTIVE DATE: April 6, 1998.

FOR FURTHER INFORMATION CONTACT: Marsha Baker, Regulations Branch,

Bureau of Alcohol, Tobacco and Firearms, 650 Massachusetts Ave., NW,

Washington, DC 20226; (202-927-8476).

SUPPLEMENTARY INFORMATION:

Background

Chapter 32 of the Internal Revenue Code of 1986 imposes an excise tax on the sale of firearms and ammunition by the manufacturer, producer, or importer thereof. 26 U.S.C. 4181. However, section 4221 of the Code sets forth certain purposes for which an article subject to tax under

Chapter 32 may be sold tax-free by the manufacturer, producer, or importer.

Under the regulations appearing in 27 CFR part 53, persons who sell firearms or ammunition tax-free are required to obtain

certain exemption certificates or vendee statements to support such sales. Previous regulations included suggested forms for each type of statement and certificate. However, the Bureau of Alcohol, Tobacco and Firearms (ATF) has now made these certificates and statements available as preprinted documents that may be ordered by the taxpayer through the

Bureau's Distribution Center and then reproduced as needed.

Temporary Rule and Notice of Proposed Rulemaking

On July 16, 1996, ATF published in the Federal Register a temporary rule (T.D. ATF-380, 61 FR 37005) amending the regulations regarding exemption certificates and statements related to the tax-free sale of firearms and ammunition. The temporary rule provided that taxpayers had the option of either using a preprinted exemption certificate and statement available through the Bureau's Distribution Center or designing their own certificates and statements that reflected the information required by the regulations. Should taxpayers wish to design and use their own certificates or statements, the regulations explain what information is required on such documents.

On July 16, 1996, the Bureau also published a notice of proposed rulemaking cross-referenced to the temporary regulations (Notice No. 831, 61 FR 37022). The notice sought public comment on the changes made by the temporary rule. The comment period for Notice No. 831 closed on

October 15, 1996.

Comments

ATF received no comments in response to Notice No. 831.

Final Rule

ATF is adopting without change the amendments published in the temporary rule, T.D. ATF-380. The amendments reduce regulatory burdens by making preprinted forms available to taxpayers, while still providing taxpayers the flexibility of creating their own certificates and statements to support tax-free sales.

Executive Order 12866

It has been determined that this final rule is not a significant regulatory action as defined in E.O. 12866. Therefore, a regulatory assessment is not required.

Regulatory Flexibility Act

Pursuant to section 7805(f) of the Internal Revenue Code, the notice of proposed rulemaking and the temporary rule preceding this regulation were submitted to the Chief Counsel for Advocacy of the Small Business Administration (SBA) for comment on any impact on small business. The SBA did not submit any comments.

Paperwork Reduction Act

The provisions of the Paperwork Reduction Act of 1995, Pub. L. 104-13, 44 U.S.C. Chapter 35, and its implementing regulations, 5 CFR part 1320, do not apply to this final rule because no new requirement to collect information is imposed.

Disclosure

Copies of the temporary rule, the notice of proposed rulemaking, and this final rule will be available for public inspection during normal business hours at: ATF Public Reading Room, Room 6480, 650 Massachusetts Avenue, NW, Washington, DC 20226.

Drafting Information

The authors of this document are Mary Lou Blake and Marsha D. Baker, Regulations Branch, Bureau of Alcohol, Tobacco and Firearms.

List of Subjects in 27 CFR Part 53

Administrative practice and procedure, Arms and munitions, Authority delegations, Exports, Imports, Penalties, Reporting and recordkeeping requirements.

PART 53--MANUFACTURERS EXCISE TAXES--FIREARMS AND AMMUNITION

Accordingly, the temporary rule (TD ATF-380) amending 27 CFR part 53 which was published at 61 FR 37005 on July 16, 1996, is adopted as a final rule without change.

Signed: December 22, 1997.

John Magaw,

Director.

Approved: January 13, 1998.

John P. Simpson,

Deputy Assistant Secretary (Regulatory, Tariff & Trade Enforcement).