

# **FSA**

## **HANDBOOK**

### **Tobacco Transition Assessment Program**

To access the transmittal page click on the short reference.

**For National Offices**

**SHORT REFERENCE**

**17-TB**

**UNITED STATES DEPARTMENT OF AGRICULTURE**  
Farm Service Agency  
Washington, DC 20250



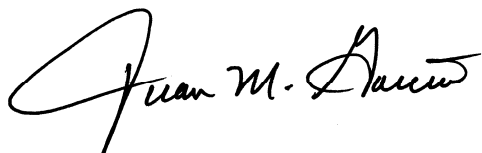
**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

**Tobacco Transition Assessment Program  
17-TB**

**Amendment 2**

**Approved by:** Administrator



**Amendment Transmittal**

**A Reason for Amendment**

Subparagraph 42 E has been amended to update the 2005 maximum tax rates.

| Page Control Chart |          |         |
|--------------------|----------|---------|
| TC                 | Text     | Exhibit |
|                    | 4-7, 4-8 |         |



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## Part 1 General Information

### 1 Overview

#### A Handbook Purpose

This handbook is designed to assist the National Office in administering TTAP policies, procedures, and requirements.

#### B Source of Authority

Authority for TTAP is FETRA; for Pub. L. 108-357, go to [www.fsa.usda.gov/Internet/FSA\\_File/pl\\_108-357\\_2004\\_jobs\\_creation.pdf](http://www.fsa.usda.gov/Internet/FSA_File/pl_108-357_2004_jobs_creation.pdf).

The regulations governing TTAP are in 7 CFR Part 1463 that is available at [www.fsa.usda.gov/Internet/FSA\\_File/tppfinalrule.pdf](http://www.fsa.usda.gov/Internet/FSA_File/tppfinalrule.pdf).

#### C Related Handbooks

This table lists FSA handbooks that are related to TTAP.

| IF questions are about...   | THEN see... |
|---|-------------|
| processing and applying collections   | 3-FI.       |
| interest rate charges   | 50-FI       |
| servicing assessment debt   | 55-FI.      |
| <ul style="list-style-type: none"> <li>issuing demand letters</li> <li>maintaining customer payment/collection activity</li> <li>referring delinquent debt</li> </ul> | 58-FI.      |
| <ul style="list-style-type: none"> <li>maintaining customer payment/collection activity</li> <li>servicing assessment debt</li> </ul>                                 | 64-FI.      |
| TTTP  | 16-TB.      |

## 1 Overview (Continued)

### D TTAP Provisions

TTAP was enacted to establish a revenue program through quarterly assessments on certain domestic manufacturers and importers of tobacco products to fund issuing TTPP payments for FY 2005 through FY 2014. TTAP requires:

- CCC to impose quarterly assessments on each tobacco product manufacturer and importer that sells tobacco products in domestic commerce in the U.S. during that FY
- each domestic manufacturer and importer of tobacco products to submit, to the Secretary of Agriculture, a certified copy of each of the forms that are required to be filed with a Federal agency that relate to the removal of tobacco products into domestic commerce
- penalties to be assessed against any entities who fail to file the applicable forms accurately and timely.

### E TTAP Applicability

FSA **must** calculate, levy, and collect quarterly assessments on tobacco product manufacturers and importers for FY 2005 through FY 2014.

TTAP shall be:

- administered by EPAS
- used by OBF to establish receivables.



## **2 Responsibilities**

### **A EPAS Responsibilities**

EPAS is responsible for the following:

- maintaining a database of customers
- collecting monthly reports of domestic tobacco product removals from manufacturers and importers
- reviewing incoming reports from tobacco product manufacturers and importers for accuracy
- comparing monthly reports from manufacturers and importers with data received from TTB and Customs
- maintaining a report log
- calculating quarterly assessments
- preparing quarterly CCC-977's
- maintaining a database of assessments by company and tobacco product
- correcting any incorrect market shares and/or assessments after releasing CCC-977's
- calculating annual re-computations of previous year's quarterly assessments
- printing and mailing letters to new manufacturers and importers informing them of their reporting responsibilities

**2 Responsibilities (Continued)**

**A EPAS Responsibilities (Continued)**

- calculating and printing penalty notifications
- archiving TTAP monthly manufacturer and importer reports
- responding to assessment calculation inquiries
- acting as liaison with OGC and ALG; assisting with background, procedural, and informational requirements necessary to comply with litigation, appeal, and hearing timetables
- providing OGC and Department of Justice attorneys with the information and data necessary for litigating non-paying customers
- after receiving U.S. Bankruptcy Court documents, coordinating with OGC regional attorneys to prepare materials necessary to protect CCC's interests
- performing compliance reviews.

## 2 Responsibilities (Continued)

### B OBF Responsibilities

OBF is responsible for servicing the assessment debt according to 55-FI and 64-FI. Servicing the assessment debt requires the following:

- creating receivables for CCC-977 amounts
- processing and applying collections according to 3-FI
- creating quarterly CCC-979's that report **all** account activity for **each** manufacturer or importer
- printing and mailing quarterly CCC-977's and CCC-979's
- mailing penalty notifications
- providing OGC and Department of Justice attorneys with the information and data necessary for litigating non-paying customers
- responding to assessment inquiries about servicing the debt.

**3 Assessment Limit and Products**

**A TTAP Assessment Limitation**

The total amount of assessments that may be collected shall **not** exceed \$10.140 billion during the 10-year length of TTPP beginning 2005 and ending 2014.

**B Tobacco Products Subject to TTAP**

The following are classes of tobacco products subject to TTAP:

- chewing tobacco
- cigarettes
- cigars
- pipe tobacco
- roll-your-own tobacco
- snuff.

## 4 CCC-977 Cycles

### A Initial CCC-977's

Individual quarterly CCC-977's shall be issued on March 1, June 1, September 1, and December 1 of each year, based on reported removals for October through December, January through March, April through June, and July through September, respectively.

### B Revised CCC-977's

Revised individual quarterly CCC-977's for the previous calendar year shall be issued as soon as practical at the beginning of the next calendar year, preferably by March 1.

## 5 Archiving Documents

### A Preparing TTAP Records for Archiving

EPAS shall prepare TTAP records for archiving **each** FY as follows:

- create 1 file for each TTB permit
- include all reported documents for FY for that TTB permit
- label each file with the following:
  - FY
  - TTB permit number
  - company name.

### B Archiving Process

TTAP records shall be stored in FRC's **only**. When records are prepared, do the following:


- contact MSD, IMB, FGRRS, Records and Reports at 202-690-1560 for archive boxes
- prepare a list of the contents of each box
- fill out SF-135 (subparagraph C)
- submit the box list and SF-135 to the following address:

MSD, IMB, FGRRS  
Room 5742-S  
Mail Stop 0566.

## 5 Archiving Documents (Continued)

## C Example SF-135

The following is an example SF-135 that is available at [http://intranet.fsa.usda.gov/records\\_management/RMMainPage.htm](http://intranet.fsa.usda.gov/records_management/RMMainPage.htm); under “Links”, CLICK “RM Forms/SF-135 Examples”.

| RECORDS TRANSMITTAL AND RECEIPT   |     |   |                     |                              |  | Complete and send original and one copy of this form to the appropriate Federal Records Center for approval prior to shipment of records. See specific instructions on reverse. |  |                  | PAGE<br>1                   | OF<br>28 PAGES |               |                |
|---|-----|---|---------------------|------------------------------|--|---|--|------------------|-----------------------------|----------------|---------------|----------------|
| 1 TO (Complete the address for the records center serving your area as shown in 36 CFR 1228.150.) |     |   |                     |                              |  | 5 FROM (Enter the name and complete mailing address of the office retiring the records. The signed receipt of this form will be sent to this address.)                          |  |                  |                             |                |               |                |
| <b>Federal Records Center</b><br>4205 Suitland Road<br>Suitland, MD 20746                         |     |   |                     |                              |  | H. T. Help, Records Officer<br>USDA, FSA, MSD, IMB, FGRRS<br>1400 INDEPENDENCE AVE SW RM 5742-S<br>MAIL STOP 0566<br>WASHINGTON DC 20250-0566                                   |  |                  |                             |                |               |                |
| 2 AGENCY TRANSFER AUTHORIZATION   |     | TRANSFERRING AGENCY OFFICIAL (Signature and title)<br>/s/ H. T. Help<br>Records Officer   |                     |                              | DATE<br>10/14/08   |   |  |                  |                             |                |               |                |
| 3 AGENCY CONTACT  |     | TRANSFERRING AGENCY LIAISON OFFICIAL (Name, office and telephone no)<br>H. T. Help, MSD, IMB, FGRRS, Reports and Records (202) 690-1560 |                     |                              |  |   |  |                  |                             |                |               |                |
| 4 RECORDS CENTER RECEIPT  |     | RECORDS RECEIVED BY (Signature and title)   |                     |                              | DATE   |   |  |                  |                             |                |               |                |
| Fold Line      |     |   |                     |                              |  |   |  |                  |                             |                |               |                |
| 6 RECORDS DATA  |     |   |                     |                              |  |   |  |                  |                             |                |               |                |
| ACCESSION NUMBER  |     |   | VOLUME<br>(cu. ft.) | AGENCY<br>BOX<br>NUMBER<br>S | SERIES DESCRIPTION<br>(with inclusive dates of records)  | RESTRICTION   | DISPOSAL<br>AUTHORITY<br>(schedule and item<br>number) | DISPOSAL<br>DATE | COMPLETED BY RECORDS CENTER |                |               |                |
| RG  | FY  | NUMBER  |                     |                              |  |   |  |                  | LOCATION                    | SHELF<br>PLAN  | CONT.<br>TYPE | AUTO.<br>DISP. |
| (a)   | (b) | (c)   | (d)                 | (e)                          | (f)  | (g)   | (h)  | (i)              | (j)                         | (k)            | (l)           | (m)            |
| 145   | 08  |   | 28                  | 1-28<br><br>1                | Tobacco Transition Payment Program Records -<br>Correspondence and reports of the Tobacco<br>Transition Payment Program. Files have been<br>identified as pertinent to the Tobacco litigation<br>hold. CLOSED AND INACTIVE 10/08<br>TIL<br><br>FY05 ABC PARTNERSHIP<br>TP-AL-631<br>FY05 D. E. FRANK<br>TP-AZ-4<br>FY05 GHI<br>TP-CA-49<br>FY05 JKL, INC.<br>TP-CA-51<br>FY05 MNO PARTNERSHIP<br>TP-CA-62<br>FY05 P. Q. RUSTY<br>TP-CA-63<br>FY05 STU<br>TP-CA-78<br>FY05 VWX, INC.<br>TP-CA-15001 | C   | NC1-145-79-<br>1/14b(2)                                | 01/2019          |                             |                |               |                |
| NSN 7540-00-634-4093  |     |   | 135-107             |                              |  | Standard Form 135 (Rev. 7-85) Facs<br>Prescribed by NARA<br>36 CFR 1228.152   |  |                  |                             |                |               |                |

6-20 (Reserved)

**Part 2 Databases**

**21 Customer Database**

**A EPAS-Maintained Customer Database**

EPAS shall, according to subparagraph 2 A, maintain a database of all customers.

**B Customer Database Requirements**

For each customer, **all** of the items listed in subparagraph C are **required, unless noted,** when a profile is recorded in the database.

## 21 Customer Database (Continued)

## C Profile Items

The following are items for creating customer profiles.

| Item                      | Description  |
|---------------------------|--|
| Profile Number            | System-generated ID number.  |
| Customer Business Name    | Legal entity's name.   |
| Customer Type             | Choose from the following: <ul style="list-style-type: none"> <li>• manufacturer</li> <li>• importer</li> <li>• both.</li> </ul>   |
| Customer TIN              | IRS assigned TIN.  |
| Customer TIN Type         | Choose from the following: <ul style="list-style-type: none"> <li>• "S", for Social Security number</li> <li>• "E", for Employer ID Number.</li> </ul>   |
| Customer Contact Name     |  |
| Customer Mailing Address  |  |
| Customer Telephone Number |  |
| Customer FAX Number       | <b>Not</b> required.   |
| Customer E-Mail Address   | <b>Not</b> required.   |
| Profile Status            | Choose from the following: <ul style="list-style-type: none"> <li>• active</li> <li>• inactive</li> <li>• pending.</li> </ul>  |
| TTB Identified            | Indicates whether the permit holder was identified through TTB. If "N", information <b>must</b> be obtained as to how the permit holder was identified; such as company self-reported, company was identified through information released by State (or other local) revenue or regulatory agencies. |
| TTB Information           | Provides the following: <ul style="list-style-type: none"> <li>• TTB Permit Numbers</li> <li>• TTB Permit Status, as follows: <ul style="list-style-type: none"> <li>• active</li> <li>• TTB permit issue date.</li> </ul> </li> </ul>   |



**22 Assessment Database by Company and Product**

**A EPAS-Maintained Assessment Database**

EPAS shall, according to subparagraph 2 A, maintain a database of assessments by company and tobacco product.

**B Assessment Database Requirements**

The database of all assessments, for all customers and all tobacco products, shall include the following:

- customer profile number
- customer TIN
- customer TTB Permit Numbers
- assessment year
- assessment quarter
- assessed class of tobacco
- original assessment
- revised assessments.

**23 TTAP System Data Entry****A Data Entry**

EPAS will, **after** reports are verified as complete and correct according to paragraph 32, enter the following information from CCC-974 (subparagraph B) into the TTAP system:

- TTB permit number
- month and year
- Certification Indicator; indicate, “Yes” or “No”
- Zero Report Indicator; indicate, “Yes” or “No”
- for each class of tobacco, enter the following:
  - class of tobacco
  - monthly total volume of taxable removals
  - monthly total excise taxes paid.

## 23 TTAP System Data Entry (Continued)

## B Example CCC-974

| <b>CCC-974</b><br>(04-23-09)   | <b>U.S. DEPARTMENT OF AGRICULTURE</b><br>Commodity Credit Corporation |   |   |         |  |                              |                    |                              |                    |  |                                  |   |  |
|--|---|---|---|---------|--|------------------------------|--------------------|------------------------------|--------------------|--|----------------------------------|---|--|
| <b>REPORT OF TOBACCO PRODUCT REMOVALS SUBJECT TO TAX FOR THE TOBACCO TRANSITION ASSESSMENT PROGRAM (TTAP)</b>  |   |   |   |         |  |                              |                    |                              |                    |  |                                  |   |  |
| <b>NOTE:</b> The authority for collecting the following information is Pub. L. 108-357. The authority allows for the collection of information without prior OMB approval mandated by the Paperwork Reduction Act of 1995. The time required to complete this information collection is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.<br><br>The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a). The authority for requesting the following information is Pub. L. 108-357 (The Fair and Equitable Tobacco Reform Act of 2004). The information will be used to determine TTAP quarterly assessment. EFFECT OF FAILURE TO PROVIDE REQUIRED INFORMATION - Any person that knowingly fails to provide required information or provides false information shall be subject to the penalties described in section 1003 of title 18, United States Code. A civil penalty in an amount not to exceed two percent of the value of the kind of tobacco products manufactured or imported by the person during the fiscal year in which the violation occurred, as determined by CCC may be assessed against the person. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 288, 371, 641, 651, 1001; 15 USC 714m; and 31 USC 3729, may be applicable to the information provided. Return this completed form by mail to USDA, Economic and Policy Analysis Staff, 1400 Independence Ave., Room 3720, SW, STOP 0515, Washington, DC 20250 or by Fax to 202-720-8120. |   |   |   |         |  |                              |                    |                              |                    |  |                                  |   |  |
| 1. Company Name and Address (Including Zip Code)<br>John Smith's Tobacco Company<br>100 Tobacco Rd.<br>Smith, IL 22222   | 2. Contact Person Name<br>John Smith                                  |   |   |         |  |                              |                    |                              |                    |  |                                  |   |  |
| 3. TTB Permit Number<br>TP-IL-10000  | 4. Telephone Number (Including Area Code)<br>222-222-2222             |   |   |         |  |                              |                    |                              |                    |  |                                  |   |  |
| 5. Taxpayer Identification Number<br>11-1  | 6. Email<br>john.smith@smithtobacco.com                               |   |   |         |  |                              |                    |                              |                    |  |                                  |   |  |
| 7. Period of Activity: A. Month: Feb   | B. Year: 2009   |   |   |         |  |                              |                    |                              |                    |  |                                  |   |  |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="2" style="text-align: center;">Domestic Taxable Removals</th> <th colspan="2" style="text-align: center;">Imports</th> </tr> <tr> <th style="text-align: center;">Volume<br/>(Number or Pounds)</th> <th style="text-align: center;">Taxes<br/>(Dollars)</th> <th style="text-align: center;">Volume<br/>(Number or Pounds)</th> <th style="text-align: center;">Taxes<br/>(Dollars)</th> </tr> <tr> <td style="text-align: center;">TTB5210.5 Monthly<br/>Manufacturer Report</td> <td style="text-align: center;">TTB 5000.24 Excise Tax<br/>Return</td> <td colspan="2" style="text-align: center;">Customs CBP 7501 Importer Entry Summary</td> </tr> </table>  |   | Domestic Taxable Removals   |   | Imports |  | Volume<br>(Number or Pounds) | Taxes<br>(Dollars) | Volume<br>(Number or Pounds) | Taxes<br>(Dollars) | TTB5210.5 Monthly<br>Manufacturer Report | TTB 5000.24 Excise Tax<br>Return | Customs CBP 7501 Importer Entry Summary |  |
| Domestic Taxable Removals  |   | Imports   |   |         |  |                              |                    |                              |                    |  |                                  |   |  |
| Volume<br>(Number or Pounds)   | Taxes<br>(Dollars)  | Volume<br>(Number or Pounds)                                      | Taxes<br>(Dollars)  |         |  |                              |                    |                              |                    |  |                                  |   |  |
| TTB5210.5 Monthly<br>Manufacturer Report   | TTB 5000.24 Excise Tax<br>Return                                      | Customs CBP 7501 Importer Entry Summary                           |   |         |  |                              |                    |                              |                    |  |                                  |   |  |
| <b>8. CIGARETTES</b>   |   |   |   |         |  |                              |                    |                              |                    |  |                                  |   |  |
| A.<br>Line 14<br>Columns C + D   | B.<br>Line 13 Column B  | C.<br>Box 31 - Monthly Total<br>(Number of Cigarettes)            | D.<br>Box 38 - Monthly Total<br>(Taxes on Cigarettes Only)            |         |  |                              |                    |                              |                    |  |                                  |   |  |
| 1,000  | 19.50   | 1,000   | 19.50   |         |  |                              |                    |                              |                    |  |                                  |   |  |
| <b>9. CIGARS</b>   |   |   |   |         |  |                              |                    |                              |                    |  |                                  |   |  |
| A.<br>Line 14<br>Columns A + B   | B.<br>Line 12 Column B  | C.<br>Box 31 - Monthly Total<br>(Number of Cigars)                | D.<br>Box 38 - Monthly Total<br>(Taxes on Cigars Only)                |         |  |                              |                    |                              |                    |  |                                  |   |  |
| 1,000  | 48.75   | 1,000   | 48.75   |         |  |                              |                    |                              |                    |  |                                  |   |  |
| <b>10. SNUFF</b>   |   |   |   |         |  |                              |                    |                              |                    |  |                                  |   |  |
| A.<br>Line 14 Column F   | B.<br>Line 15 Column B<br>(Snuff Only)                                | C.<br>Box 31 - Monthly Total<br>(Pounds of Snuff)                 | D.<br>Box 38 - Monthly Total<br>(Taxes on Snuff Only)                 |         |  |                              |                    |                              |                    |  |                                  |   |  |
| 10   | 5.90  | 10  | 5.90  |         |  |                              |                    |                              |                    |  |                                  |   |  |
| <b>11. CHEWING TOBACCO</b>   |   |   |   |         |  |                              |                    |                              |                    |  |                                  |   |  |
| A.<br>Line 14 Column E   | B.<br>Line 15 Column B<br>(Chewing Tobacco Only)                      | C.<br>Box 31 - Monthly Total<br>(Pounds of Chewing Tobacco)       | D.<br>Box 38 - Monthly Total<br>(Taxes on Chewing Tobacco Only)       |         |  |                              |                    |                              |                    |  |                                  |   |  |
| 10   | 10.10   | 10  | 10.10   |         |  |                              |                    |                              |                    |  |                                  |   |  |
| <b>12. PIPE TOBACCO</b>  |   |   |   |         |  |                              |                    |                              |                    |  |                                  |   |  |
| A.<br>Line 14 Column G   | B.<br>Line 16 Column B<br>(Pipe Tobacco Only)                         | C.<br>Box 31 - Monthly Total<br>(Pounds of Pipe Tobacco)          | D.<br>Box 38 - Monthly Total<br>(Taxes on Pipe Tobacco Only)          |         |  |                              |                    |                              |                    |  |                                  |   |  |
| 10   | 2.00  | 10  | 2.00  |         |  |                              |                    |                              |                    |  |                                  |   |  |
| <b>13. ROLL-YOUR-OWN TOBACCO</b>   |   |   |   |         |  |                              |                    |                              |                    |  |                                  |   |  |
| A.<br>Line 14 Column H   | B.<br>Line 16 Column B<br>(Roll-Your-Own Tobacco Only)                | C.<br>Box 31 - Monthly Total<br>(Pounds of Roll-Your-Own Tobacco) | D.<br>Box 38 - Monthly Total<br>(Taxes on Roll-Your-Own Tobacco Only) |         |  |                              |                    |                              |                    |  |                                  |   |  |
| 10   | 10.10   | 10  | 10.10   |         |  |                              |                    |                              |                    |  |                                  |   |  |
| <b>14. CERTIFICATION</b>   |   |   |   |         |  |                              |                    |                              |                    |  |                                  |   |  |
| I hereby certify that the information on this form is true and correct and that the participant has operated in accordance with the terms and provisions of the TTAP.  |   |   |   |         |  |                              |                    |                              |                    |  |                                  |   |  |
| 14A. Signature<br><br>/s/ Chief Financial Officer  |   | 14B. Title<br><br>Chief Financial Officer                         | 14C. Date Prepared (MM-DD-YYYY)<br><br>03/20/2009                     |         |  |                              |                    |                              |                    |  |                                  |   |  |
| The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.   |   |   |   |         |  |                              |                    |                              |                    |  |                                  |   |  |

24-30 (Reserved)



**Part 3 Reports and Verifications****31 Reporting Requirements****A Who Must File Reports**

Each tobacco product manufacturer and importer that is sells tobacco products in domestic commerce **must** report the amount of tobacco product removed (moved into domestic commerce) and the Federal excise taxes paid on these removals on CCC-974 (subparagraph 23 B).

TTB provides updates to the lists of permit holders upon request by EPAS. The updates include a list of all the new and cancelled permits.

**B Notification of Reporting Requirements**

EPAS will, using the list of new permit holders received from TTB, send a notification letter (subparagraph F) with CCC-974 to each entity informing them of reporting requirements.

**C When to File Reports**

Reports are due **no** later than the 20<sup>th</sup> of each month for the previous month's removals.

**31 Reporting Requirements (Continued)****D Forms Required for Reporting**

All permit holders **must** file **all** applicable forms, as follows:

- for manufacturers, the following:
  - CCC-974 (subparagraph 23 B)
  - TTB Form 5000.24 (subparagraph G)
  - TTB Form 5210.5 (subparagraph H)
- for importers, the following:
  - CCC-974 (subparagraph 23 B)
  - CBP Form 7501 (subparagraph I)
  - TTB Form 5220.6 (subparagraph J).

**31 Reporting Requirements (Continued)****E Where to File Reports**

Permit holders **must** submit forms and supporting documentation:

- by mail to:

USDA FARM SERVICE AGENCY  
ECONOMIC AND POLICY ANALYSIS STAFF  
1400 INDEPENDENCE AVE SW RM 3720-S  
STOP 0515  
WASHINGTON DC 20250-0515

- by fax to 202-720-8120
- online using pay.gov at **www.pay.gov** (see Exhibit 10, subparagraph A for reporting instructions and subparagraph B for payment processing instructions)

**Note:** Companies **must** submit contact name, address, phone number, and address to EPAS to acquire a user ID and password for pay.gov. After EPAS has received this information, EPAS will submit the information to pay.gov and pay.gov will call the company contact with an initial user ID and password.

- EPAS will retrieve reports filed online (see Exhibit 11 for retrieval process).

**Note:** If a report is filed online, supporting documents **must** be FAXed or mailed according to this subparagraph.

**31 Reporting Requirements (Continued)****F Example Notification Letter to New Permit Holders**

The following is an example notification letter to new permit holders.

Dear Manufacturer or Importer:

You are receiving this letter from the U.S. Department of Agriculture's Commodity Credit Corporation (CCC) because the Department of the Treasury recently issued you a permit to manufacture or import tobacco products. This letter explains your responsibilities under the Fair and Equitable Tobacco Reform Act of 2004 (the Act), which became effective October 22, 2004.

The Tobacco Transition Payment Program (TTPP) ended the tobacco marketing quota and price support loan programs and established a 10-year program of payments to tobacco quota holders and farmers that will help them make the transition from a Federally-regulated program. CCC will collect assessments of approximately \$10 billion from domestic manufacturer and importer permit holders of six classes of tobacco products to fund TTPP.

Federal regulation, 7 CFR Part 1463, issued February 10, 2005, explains the manner in which assessments are to be made and the process that CCC will use to collect the assessments. Regulations specify that all domestic manufacturers and importers shall send to CCC the documents listed below, as applicable, under the heading 'How to Report'. These documents will indicate to CCC the volume of tobacco and excise taxes paid by each company, each month. Since assessments will be calculated based on each company's market share, CCC must have your company's information. Failure to provide this information will result in the imposition of a civil penalty of up to 2 percent of the value of the kind of tobacco products manufactured or imported during the fiscal year in which the violation occurred. Criminal penalties, provided in the Act, for persons that knowingly fail to provide required information are specified in Section 1003 of Title 18, United States Code.

The Act, the federal regulations, and other relevant information pertaining to these assessments can be found at [www.fsa.usda.gov/tobacco](http://www.fsa.usda.gov/tobacco).



## 31 Reporting Requirements (Continued)

## F Example Notification Letter to New Permit Holders (Continued)

**How to Report**

Your first report is due *[insert date]*. Beginning with the first month you paid excise taxes, but not earlier than October 2004, fill out the attached CCC-974, 'Report of Tobacco Product Removals Subject to Tax' and submit to CCC along with the following supporting TTB and/or Customs and Border Protection (CBP) forms:

- For Manufacturers:
  - TTB Form 5000.24 – Excise Tax Return
  - TTB Form 5210.5 - Report, Manufacturer of Tobacco Products or Cigarette Papers and Tubes
- For Importers:
  - TTB Form 5220.6 – Monthly Report, Tobacco Products Importer
  - CBP Form 7501 – Importer Entry Summary.

CCC will compute each company's share of the class of tobacco product manufactured or imported for each quarter. You will receive an invoice (CCC-977) from CCC no later than March 1, June 1, September 1, and December 1, notifying you of your quarterly assessment. Your assessment must be remitted to CCC no later than March 31, June 30, September 30, and December 31, respectively. Each quarterly assessment is based on data from the previous quarter.

**Please send, fax, or email the 'Report of Tobacco Product Removals Subject to Tax', the applicable Treasury or Customs forms, and the 'certification' to:**

USDA FARM SERVICE AGENCY  
ECONOMIC AND POLICY ANALYSIS STAFF  
1400 INDEPENDENCE AVE SW RM 3720-S  
STOP 0515  
WASHINGTON DC 20250-0515

FAX: 202-720-8120.

E-mail: [jane.reed@wdc.usda.gov](mailto:jane.reed@wdc.usda.gov)

**Subsequent Monthly Reports**

After you submit the above required information the first time, subsequent reports are due the 20<sup>th</sup> of each month for business that your company conducted in the prior month.

After the initial submission of the above information, you will be contacted and given a User ID and password that will enable you to fill out the 'Report of Tobacco Product Removals Subject to Tax' online at **[www.pay.gov](http://www.pay.gov)**. All other supporting documents (i.e. Customs and Treasury forms) are required to be faxed or mailed.

We have placed a high priority on implementing this program as fairly and expeditiously as possible. Thank you in advance for your cooperation. If you have any questions please call Jane Reed at 202-720-6782.

## 31 Reporting Requirements (Continued)

## G TTB Form 5000.24

The following is an example TTB Form 5000.24.

| DEPARTMENT OF THE TREASURY<br>ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (TTB)<br><b>EXCISE TAX RETURN</b><br><small>(Prepare in duplicate – See instructions below)</small>   |   | OMB No. 1513-0083 (04/30/2009)  |             |     |    |         |  |          |  |       |    |              |  |                |  |
|--|---|---|-------------|-----|----|---------|--|----------|--|-------|----|--------------|--|----------------|--|
| <b>2. FORM OF PAYMENT</b><br><input checked="" type="checkbox"/> CHECK <input type="checkbox"/> MONEY ORDER <input type="checkbox"/> EFT <input type="checkbox"/> OTHER (Specify) _____  |   | <b>1. SERIAL NUMBER</b><br><br><b>3. AMOUNT OF PAYMENT</b><br>\$ 35,615<br><br><b>NOTE:</b> PLEASE MAKE CHECKS OR MONEY ORDERS PAYABLE TO THE ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (SHOW EMPLOYER IDENTIFICATION NUMBER ON ALL CHECKS OR MONEY ORDERS)  |             |     |    |         |  |          |  |       |    |              |  |                |  |
| <b>4. RETURN COVERS (Check one)</b><br><input type="checkbox"/> PREPAYMENT <input checked="" type="checkbox"/> PERIOD<br>BEGINNING <u>JULY 1, 1007</u><br>ENDING <u>JULY 15, 2007</u>  |   | <b>FOR TTB USE ONLY</b><br><table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td>TAX</td><td>\$</td></tr> <tr><td>PENALTY</td><td></td></tr> <tr><td>INTEREST</td><td></td></tr> <tr><td>TOTAL</td><td>\$</td></tr> <tr><td>EXAMINED BY:</td><td></td></tr> <tr><td>DATE EXAMINED:</td><td></td></tr> </table> |             | TAX | \$ | PENALTY |  | INTEREST |  | TOTAL | \$ | EXAMINED BY: |  | DATE EXAMINED: |  |
| TAX  | \$  |   |             |     |    |         |  |          |  |       |    |              |  |                |  |
| PENALTY  |   |   |             |     |    |         |  |          |  |       |    |              |  |                |  |
| INTEREST   |   |   |             |     |    |         |  |          |  |       |    |              |  |                |  |
| TOTAL  | \$  |   |             |     |    |         |  |          |  |       |    |              |  |                |  |
| EXAMINED BY:   |   |   |             |     |    |         |  |          |  |       |    |              |  |                |  |
| DATE EXAMINED:   |   |   |             |     |    |         |  |          |  |       |    |              |  |                |  |
| <b>5. DATE PRODUCTS TO BE REMOVED (For Prepayment Returns Only:)</b>   |   |   |             |     |    |         |  |          |  |       |    |              |  |                |  |
| <b>6. EMPLOYER IDENTIFICATION NUMBER</b><br>12-3456789   | <b>7. PLANT, REGISTRY, OR PERMIT NUMBER</b><br>TP-AL-1000 |   |             |     |    |         |  |          |  |       |    |              |  |                |  |
| <b>8. NAME AND ADDRESS OF TAXPAYER (Include ZIP Code)</b><br><br>MR. SMITH'S TOBACCO COMPANY<br>1000 ELM STREET<br>WASHINGTON, DC 2000   |   |   |             |     |    |         |  |          |  |       |    |              |  |                |  |
| <b>CALCULATION OF TAX DUE (Before making entries on lines 18 – 21, complete Schedules A and B)</b>   |   |   |             |     |    |         |  |          |  |       |    |              |  |                |  |
| PRODUCT<br>(a)   |   | AMOUNT OF TAX<br>(b)  |             |     |    |         |  |          |  |       |    |              |  |                |  |
| 9. DISTILLED SPIRITS   |   | \$  |             |     |    |         |  |          |  |       |    |              |  |                |  |
| 10. WINE   |   |   |             |     |    |         |  |          |  |       |    |              |  |                |  |
| 11. BEER   |   |   |             |     |    |         |  |          |  |       |    |              |  |                |  |
| 12. CIGARS   |   | 24,375.00   |             |     |    |         |  |          |  |       |    |              |  |                |  |
| 13. CIGARETTES   |   | 9,750.00  |             |     |    |         |  |          |  |       |    |              |  |                |  |
| 14. CIGARETTE PAPERS AND/OR CIGARETTE TUBES  |   |   |             |     |    |         |  |          |  |       |    |              |  |                |  |
| 15. CHEWING TOBACCO AND/OR SNUFF   |   | 390.00  |             |     |    |         |  |          |  |       |    |              |  |                |  |
| 16. PIPE TOBACCO AND/OR ROLL-YOUR-OWN TOBACCO  |   | 1,100.00  |             |     |    |         |  |          |  |       |    |              |  |                |  |
| <b>17. TOTAL TAX LIABILITY (Total of lines 9-16)</b>   |   | \$ 35,615.00  |             |     |    |         |  |          |  |       |    |              |  |                |  |
| 18. ADJUSTMENTS INCREASING AMOUNT DUE (From line 29)   |   |   |             |     |    |         |  |          |  |       |    |              |  |                |  |
| <b>19. GROSS AMOUNT DUE (Line 17 plus line 18)</b>   |   | \$ 35,615.00  |             |     |    |         |  |          |  |       |    |              |  |                |  |
| 20. ADJUSTMENTS DECREASING AMOUNT DUE (From line 34)   |   |   |             |     |    |         |  |          |  |       |    |              |  |                |  |
| <b>21. AMOUNT TO BE PAID WITH THIS RETURN (Line 19 minus line 20)</b>  |   | \$ 35,615.00  |             |     |    |         |  |          |  |       |    |              |  |                |  |
| Under penalties of perjury I declare that I have examined this return (including any accompanying explanations, statements, schedules, and forms) and to the best of my knowledge and belief it is true, correct, and includes all transactions and tax liabilities required by law or regulations to be reported. |   |   |             |     |    |         |  |          |  |       |    |              |  |                |  |
| 22. DATE<br>7/17/2007  | 23. SIGNATURE   | 24. TITLE<br>OWNER  |             |     |    |         |  |          |  |       |    |              |  |                |  |
| <b>SCHEDULE A – ADJUSTMENTS INCREASING AMOUNT DUE</b>  |   |   |             |     |    |         |  |          |  |       |    |              |  |                |  |
| EXPLANATION OF INDIVIDUAL ERRORS OR TRANSACTIONS<br>(a)  |   | AMOUNT OF ADJUSTMENTS   |             |     |    |         |  |          |  |       |    |              |  |                |  |
|  | (b) TAX   | (c) INTEREST  | (d) PENALTY |     |    |         |  |          |  |       |    |              |  |                |  |
| 25.  | \$  |   | \$          |     |    |         |  |          |  |       |    |              |  |                |  |
| 26.  |   |   |             |     |    |         |  |          |  |       |    |              |  |                |  |
| 27.  |   |   |             |     |    |         |  |          |  |       |    |              |  |                |  |
| 28. SUBTOTALS OF COLUMNS (b), (c), AND (d)   | \$  | \$  | \$          |     |    |         |  |          |  |       |    |              |  |                |  |
| 29. TOTAL ADJUSTMENTS INCREASING AMOUNT DUE (Line 28, Col (b) + (c) + (d)) Enter here and on line 18.  |   | \$  |             |     |    |         |  |          |  |       |    |              |  |                |  |
| <b>SCHEDULE B – ADJUSTMENTS DECREASING AMOUNT DUE</b>  |   |   |             |     |    |         |  |          |  |       |    |              |  |                |  |
| EXPLANATION OF INDIVIDUAL ERRORS OR TRANSACTIONS<br>(a)  |   | AMOUNT OF ADJUSTMENTS   |             |     |    |         |  |          |  |       |    |              |  |                |  |
|  | (b) TAX   | (c) INTEREST  |             |     |    |         |  |          |  |       |    |              |  |                |  |
| 30.  | \$  | \$  |             |     |    |         |  |          |  |       |    |              |  |                |  |
| 31.  |   |   |             |     |    |         |  |          |  |       |    |              |  |                |  |
| 32.  |   |   |             |     |    |         |  |          |  |       |    |              |  |                |  |
| 33. SUBTOTALS OF COLUMNS (b) and (c)   | \$  | \$  |             |     |    |         |  |          |  |       |    |              |  |                |  |
| 34. TOTAL ADJUSTMENTS DECREASING AMOUNT DUE (Line 33, Col (b) + (c)) Enter here and on line 20.  |   | \$  |             |     |    |         |  |          |  |       |    |              |  |                |  |
| TTB F 5000.24 (6/2006)   |   |   |             |     |    |         |  |          |  |       |    |              |  |                |  |

**H TTB Form 5210.5**

The following is an example TTB Form 5210.5.

## 31 Reporting Requirements (Continued)

## H TTB Form 5210.5 (Continued)

The following is an example TTB Form 5210.5.

|   | Snuff (Pounds)<br>(f) | Pipe Tobacco (Pounds)<br>(g)  | Roll Your Own Tobacco<br>(Pounds)<br>(h)                              | Cigarette Papers (Number)<br>(Read instruction J)<br>(i) | Cigarette Tubes (Number)<br>(j) |
|---|-----------------------|---|---|--|---------------------------------|
| 7. On Hand, in Bond, Start of Period  |                       |   |   |  |                                 |
| 8. Manufactured   |                       |   |   |  |                                 |
| 9. Received Without Payment of Tax:   |                       |   |   |  |                                 |
| a. From other factories   |                       |   |   |  |                                 |
| b. From customs custody   | NO ENTRY              | NO ENTRY  | NO ENTRY  | NO ENTRY   | NO ENTRY                        |
| (1) Puerto Rico   |                       |   |   |  |                                 |
| (2) Other than Puerto Rico  |                       |   |   |  |                                 |
| c. From export warehouses   |                       |   |   |  |                                 |
| d. From foreign trade zones   |                       |   |   |  |                                 |
| 10. Received by Return to Bond  |                       |   |   |  |                                 |
| 11. Overages Disclosed by Inventory   |                       |   |   |  |                                 |
| 12. Other (Specify)   |                       |   |   |  |                                 |
| 13. TOTAL   |                       |   |   |  |                                 |
| 14. Removed Subject to Tax  | 1,000                 | 1,000   | 1,000   |  |                                 |
| 15. Removed Without Payment of Tax:   |                       |   |   |  |                                 |
| a. For export   |                       |   |   |  |                                 |
| b. To export warehouses   |                       |   |   |  |                                 |
| c. To other factories   |                       |   |   |  |                                 |
| d. To foreign trade zones   |                       |   |   |  |                                 |
| e. For use of United States (Read instruction H)  |                       |   |   |  |                                 |
| f. For experimental purposes off factory premises   |                       |   |   |  |                                 |
| 16. Otherwise Disposed of Without Determination of Tax by:  |                       |   |   |  |                                 |
| a. Consumption by employees off factory premises  |                       |   |   | NO ENTRY   | NO ENTRY                        |
| b. Consumption by employees on factory premises   |                       |   |   | NO ENTRY   | NO ENTRY                        |
| c. Use for experimental purposes on factory premises  |                       |   |   | NO ENTRY   | NO ENTRY                        |
| d. Loss   |                       |   |   |  |                                 |
| e. Destruction  |                       |   |   |  |                                 |
| f. Reduction to tobacco   |                       |   |   | NO ENTRY   | NO ENTRY                        |
| 17. Shortages Disclosed by Inventory (Read instruction I)   |                       |   |   |  |                                 |
| 18. Other (Specify)   |                       |   |   |  |                                 |
| 19. On Hand, in Bond, End of Period   |                       |   |   |  |                                 |
| 20. TOTAL   |                       |   |   |  |                                 |
| 21. Large Cigars Removed Subject to Tax (Sum of a. and b. should agree with item 14(a))   |                       |   |   |  |                                 |
| a. Number Removed with Sale Price Per Thousand of \$235.294 or Less   |                       |   | b. Number Removed with Sale Price Per Thousand of More Than \$235.294 |  |                                 |
| <b>UNDER PENALTIES OF PERJURY, I DECLARE THAT, TO THE BEST OF MY KNOWLEDGE AND BELIEF, THIS REPORT IS TRUE, ACCURATE, AND COMPLETE.</b> |                       |   |   |  |                                 |
| 22. Signature (Read instruction K.)   |                       | 23. My Title for This Business (Examples: owner, partner, corporate title, or power of attorney.) |   | 24. Date   |                                 |
|   |                       | OWNER   |   | 8/15/2007  |                                 |
| 25. My Business Telephone Number (Optional)   |                       | 26. My E-Mail Address (Optional)  |   |  |                                 |
| 704-233-1234  |                       | johnsmith@mrsmith.net   |   |  |                                 |
| How do I file this form? Send this form to the TTB Tobacco Unit, 550 Main St, Ste 8002, Cincinnati, OH 45202-5215                       |                       |   |   |  |                                 |
| TTB F 5210.5 (6/2006)   |                       |   |   |  |                                 |

## 31 Reporting Requirements (Continued)

## I CBP Form 7501

The following is an example CBP Form 7501.

| DEPARTMENT OF HOMELAND SECURITY<br>U.S. Customs and Border Protection<br><b>ENTRY SUMMARY</b>  |   |   |                                    | Form Approved OMB No. 1651-0022  |  |  |
|--|---|---|------------------------------------|--|--|--|
| 1. Filer Code/Entry No.<br>123456789   |   | 2. Entry Type   |                                    | 3. Summary Date  |  |  |
| 4. Surety No.  |   | 5. Bond Type  |                                    | 6. Port Code   |  | 7. Entry Date                          |
| 8. Importing Carrier   |   | 9. Mode of Transport                                    |                                    | 10. Country of Origin  |  | 11. Import Date                        |
| 12. B/L or AWB No.   |   | 13. Manufacturer ID                                     |                                    | 14. Exporting Country  |  | 15. Export Date                        |
| 16. I.T. No.   | 17. I.T. Date   | 18. Missing Docs  |                                    | 19. Foreign Port of Lading   |  | 20. U.S. Port of Unlading              |
| 21. Location of Goods/G.O. No.   |   | 22. Consignee No.                                       |                                    | 23. Importer No.   |  | 24. Reference No.                      |
| 25. Ultimate Consignee Name and Address<br><br>MR. SMITHS TOBACCO COMPANY<br>1000 ELM STREET<br>City WASHINGTON State DC Zip 20000   |   |   |                                    | 26. Importer of Record Name and Address<br><br>MR. SMITHS TOBACCO COMPANY<br>1000 ELM STREET<br>City WASHINGTON State DC Zip 20000 |  |  |
| 27.  | 28. Description of Merchandise  |   |                                    | 32.  | 33.  |  |
| Line No.   | 29. A. HTSUS No.<br>B. ADA/CVD No.  | 30. A. Grossweight<br>B. Manifest Qty.                  | 31. Net Quantity in<br>HTSUS Units | A. Entered Value<br>B. CHGS<br>C. Relationship   | A. HTSUS Rate<br>B. ADA/CVD Rate<br>C. IRC Rate<br>D. Visa No. | 34. Duty and I.R. Tax<br>Dollars Cents |
| 001  | PAPER-WRAP CIGRETS CONT TOBACCO<br>2402.20.8000 1,000K<br>IRS TAX 19.50/K |   |                                    |  |  | 19,500.00                              |
| 002  | CIGARS, CHEROOT, >\$.23 EACH<br>2402.10.3030 1,000K<br>IRS TAX 48.75/K    |   |                                    |  |  | 48,750.00                              |
| Other Fee Summary for Block 39   |   | 35. Total Entered Value<br>\$<br>Total Other Fees<br>\$ |                                    | <b>CBP USE ONLY</b>  |  | <b>TOTALS</b>                          |
|  |   |   |                                    | A. LIQ CODE  | B. Ascertained Duty  | 37. Duty                               |
|  |   |   |                                    | REASON CODE  | C. Ascertained Tax   | 38. Tax<br>68,250.00                   |
|  |   |   |                                    |  | D. Ascertained Other   | 39. Other                              |
|  |   |   |                                    |  | E. Ascertained Total   | 40. Total                              |
| 36. DECLARATION OF IMPORTER OF RECORD (OWNER OR PURCHASER) OR AUTHORIZED AGENT<br><br>I declare that I am the <input type="checkbox"/> Importer of record and that the actual owner, purchaser, or consignee for CBP purposes is as shown above, OR <input type="checkbox"/> owner or purchaser or agent thereof. I further declare that the merchandise <input type="checkbox"/> was obtained pursuant to a purchase or agreement to purchase and that the prices set forth in the invoices are true, OR <input type="checkbox"/> was not obtained pursuant to a purchase or agreement to purchase and the statements in the invoices as to value or price are true to the best of my knowledge and belief. I also declare that the statements in the documents herein filed fully disclose to the best of my knowledge and belief the true prices, values, quantities, rebates, drawbacks, fees, commissions, and royalties and are true and correct, and that all goods or services provided to the seller of the merchandise either free or at reduced cost are fully disclosed. I will immediately furnish to the appropriate CBP officer any information showing a different statement of facts. |   |   |                                    |  |  |  |
| 41. DECLARANT NAME   |   | TITLE   |                                    | SIGNATURE  |  | DATE                                   |
| 42. Broker/Filer Information (Name, address, phone number)   |   |   |                                    | 43. Broker/Importer File No.   |  |  |
|  |   |   |                                    | <div style="border: 1px solid black; padding: 2px;">PaperWork Reduction Act Notice</div>   |  |  |
| CBP Form 7501 (04/05)  |   |   |                                    |  |  |  |

# 31 Reporting Requirements (Continued)

## I CBP Form 7501 (Continued)

|   |                                |                                    |                                |  |  |                   |       |
|---|--------------------------------|------------------------------------|--------------------------------|--|--|-------------------|-------|
| DEPARTMENT OF HOMELAND SECURITY<br>U.S. Customs and Border Protection |                                |                                    |                                | ENTRY SUMMARY CONTINUATION SHEET               |  | OMB No. 1651-0022 |       |
|   |                                |                                    |                                | 1. Filer Code/Entry No.<br>123456789           |  |                   |       |
| 27.   | 28. Description of Merchandise |                                    |                                | 32.  | 33.  | 34.               |       |
|   | 29.                            | 30.                                | 31.                            |  |  | Duty and I.R. Tax |       |
| Line No.  | A. HTSUS No.<br>B. ADA/CVD No. | A. Grossweight<br>B. Manifest Qty. | Net Quantity in<br>HTSUS Units | A. Entered Value<br>B. CHGS<br>C. Relationship | A. HTSUS Rate<br>B. ADA/CVD Rate<br>C. IRC Rate<br>D. Visa No. | Dollars           | Cents |
|   |                                |                                    |                                |  |  |                   |       |

CBP Form 7501 (04/05)

## 31 Reporting Requirements (Continued)

## J TTB Form 5220.6

The following is an example TTB Form 5220.6.

| DEPARTMENT OF THE TREASURY<br>ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (TTB)<br><b>MONTHLY REPORT - TOBACCO PRODUCTS IMPORTER</b>   |  |  |                                    |   |                          |   |                                    | OMB No. 1513-0107 (12/31/2006)              |  |
|---|--|--|------------------------------------|---|--------------------------|---|------------------------------------|---|--|
| <b>INSTRUCTIONS:</b> Please type or print. Prepare in duplicate, retain the copy and submit the original to the National Revenue Center, Alcohol and Tobacco Tax and Trade Bureau, 550 Main St. Ste 8002, Cincinnati, Ohio 45202-5215, not later than the 20 <sup>th</sup> day of the month following the end of the month for which report is made. Combine data for all locations covered by a single permit. For this report, do NOT include tobacco products that are in Customs custody. |  |  |                                    |   |                          |   |                                    |   |  |
| 1. NAME OF IMPORTER<br>MR. SMITH'S TOBACCO COMPANY  |  |  |                                    | 3. PRINCIPAL BUSINESS ADDRESS (Number, Street, City, State and ZIP Code)<br>1000 ELM STREET<br>WASHINGTON, DC 20000 |                          |   |                                    |   |  |
| 2. MONTH AND YEAR OF REPORT<br>JULY 2007  |  | 4. PERMIT NUMBER<br>AL-TI-15100        |                                    |   |                          |   |                                    |   |  |
| ARTICLE   | SMALL<br>CIGARETTES<br>(Number)<br>(a) | LARGE<br>CIGARETTES<br>(Number)<br>(b) | SMALL<br>CIGARS<br>(Number)<br>(c) | LARGE<br>CIGARS<br>(Number)<br>(d)  | SNUFF<br>LBS. OZ.<br>(e) | CHEWING<br>TOBACCO<br>LBS. OZ.<br>(f)                       | PIPE<br>TOBACCO<br>LBS. OZ.<br>(g) | ROLL-YOUR-OWN<br>TOBACCO<br>LBS. OZ.<br>(h) |  |
| 5. ON HAND, BEGINNING OF MONTH  |  |  |                                    |   |                          |   |                                    |   |  |
| 6. IMPORTED   | 1,000,000                              |  |                                    | 1,000,000   | 1,000                    | 1,000   | 1,000                              | 1,000                                       |  |
| 7. OVERAGE DISCLOSED BY INVENTORY   |  |  |                                    |   |                          |   |                                    |   |  |
| 8. TOTAL  |  |  |                                    |   |                          |   |                                    |   |  |
| 9. REMOVED FOR EXPORT PURPOSES  |  |  |                                    |   |                          |   |                                    |   |  |
| 10. TRANSFERRED TO DOMESTIC CUSTOMERS   |  |  |                                    |   |                          |   |                                    |   |  |
| 11. REMOVED TO A FOREIGN TRADE ZONE   |  |  |                                    |   |                          |   |                                    |   |  |
| 12. LOST  |  |  |                                    |   |                          |   |                                    |   |  |
| 13. DESTROYED   |  |  |                                    |   |                          |   |                                    |   |  |
| 14. SHORTAGES DISCLOSED BY INVENTORY  |  |  |                                    |   |                          |   |                                    |   |  |
| 15. ON HAND, END OF MONTH   |  |  |                                    |   |                          |   |                                    |   |  |
| 16. TOTAL   |  |  |                                    |   |                          |   |                                    |   |  |
| Under the penalties of perjury, I declare that I have examined this report and, to the best of my knowledge and belief, it is true, correct, and complete.  |  |  |                                    |   |                          |   |                                    |   |  |
| 17. SIGNATURE   |  | 18. DATE<br>8/2/2007                   |                                    | 19. E-MAIL ADDRESS (optional information)<br>johnsmith@mrsmith.net  |                          | 20. TELEPHONE NUMBER (optional information)<br>704-233-1234 |                                    | FOR TTB USE ONLY                            |  |
| 21. TITLE OR STATUS (State whether individual owner, partner, member of a limited liability company, or if officer of corporation, give title)<br>OWNER   |  |  |                                    |   |                          |   |                                    | AUDITED BY                                  |  |
|   |  |  |                                    |   |                          |   |                                    | DATE OF AUDIT                               |  |
| TTB F 5220.6 (5/2005)   |  |  |                                    |   |                          |   |                                    |   |  |

## 32 Report Verifications

### A EPAS Report Verification Procedures

EPAS will:

- use supporting TTB and Customs documents submitted by manufacturers and importers to cross-check data reported on CCC-974
- compare data reported from manufacturers and importers with information received from TTB and Customs
- after reported data has been entered into the TTAP system, and **before** assessments are calculated, perform a final review of the data verification and data entry process.

### B Comparing Reported Data with Supporting Documents for Manufacturers

EPAS will verify manufacturer reported information, for the applicable class of tobacco product, by comparing CCC-974, Columns A and B, with TTB reports, as follows:

- volume of removals reported in CCC-974, Column A, should match the volume of removals reported in TTB Form 5210.5, Row 14 (subparagraph 31 H)
- amount of Federal excise taxes reported in CCC-974, Column B, should match the amount of Federal excise taxes reported in TTB Form 5000.24, Column B (subparagraph 31 G).



**32 Report Verifications (Continued)****C Comparing Reported Data with Supporting Documents for Importers**

EPAS will verify importer information, for the applicable class of tobacco product, by comparing CCC-974, Columns C and D, with CBP Form 7501 (subparagraph 31 I), as follows:

- volume of removals reported in CCC-974, Column C, should match the volume of removals reported in CBP Form 7501, Box 31

**Note:** The volume for cigarettes and cigars is in 1,000's units (K); volume for all others is in kilograms (kg).

- amount of Federal excise taxes reported in CCC-974, Column D, should match the amount of Federal excise taxes reported in CBP Form 7501, Box 38, "Tax".

**D Comparing Reported Data with Information Received Directly From TTB and Customs**

EPAS will further verify importer information, for the applicable class of tobacco product, by comparing the excise taxes reported on CCC-974 with data provided by TTB and Customs. TTB and Customs will provide spreadsheets listing all excise taxes paid by each manufacturer and/or importer of tobacco products for the period requested. Since these data are **not** always available until after assessments have been issued, this verification will be done during the annual revisions process (Part 7).

**E Incorrect and/or Incomplete Reporting**

EPAS will contact all manufacturers and importers with incorrect or incomplete reports.

## 32 Report Verifications (Continued)

**F Reviewing Assessment Data Verification and Data Entry**

Potential errors in the data verification and entry process include failure to identify discrepancies in the reported data and failure to correctly enter accurate data. To mitigate potential errors, EPAS will additionally review the data verification and entry process, as follows.

For each quarterly assessment and FY revision, data verification and data entry will be reviewed for accuracy using a 2-step process. An objective of the review process is to ensure that a sufficient number of individual company reports are reviewed, representing **not** less than 25 percent of the reported volume for each product category, and **not** less than 10 percent of the individual companies reporting for each product category.

| Step | Action   |
|------|--|
| 1    | <p>The reviewer will do the following:</p> <ul style="list-style-type: none"> <li>rank reporting companies in each of the 6 tobacco product categories, according to their respective volumes</li> <li>select the companies with the largest volumes to ensure that the companies selected for review in step 1 represent <b>not</b> less than 25 percent of the total product category reported volume</li> <li>examine the data verification and entry process for the selected companies for accuracy.</li> </ul> |

## 32 Report Verifications (Continued)

## F Reviewing Assessment Data Verification and Data Entry (Continued)

| Step | Action  |
|------|---|
| 2    | <p>For each product category, reporting companies <b>not</b> selected in step 1 will be assigned a unique identifying number. The identifying numbers will be comprised of consecutive integers beginning with “1” and ending with the number of companies included in step 2. After each reporting company is assigned an identifying number, a random number generator will be used to select <b>not</b> less than 10 percent of the companies included in step 2 for data entry review.</p> <p>The random number generator:</p> <ul style="list-style-type: none"> <li>• may be any random number generator commonly available on the Internet, such as <b>www.random.org/sequences</b>, or any published list of random digits such as is frequently found in statistical texts</li> <li>• source and list of random numbers, for each product category, will be recorded and archived.</li> </ul> <p>After a sufficient number of reporting companies has been identified in step 2, the reviewer will examine the data verification and entry process for accuracy.</p> <p>The reviewer of the data verification and entry process will be responsible for identifying the individual companies included in steps 1 and 2, and will <b>not</b> be the same individual responsible for the initial data verification and entry. The reviewer will document that steps 1 and 2 have been performed and that any identified data errors have been corrected, <b>before</b> finalizing CCC-977’s.</p> |

**33 Report Logs****A EPAS-Maintained Report Log**

EPAS shall, according to subparagraph 2 A, maintain a report log.

**B Report Log Requirements**

The report log shall include the following documentation.

| <b>Item</b>      | <b>Description</b>  |
|------------------|---|
| Reporting Date   | Document the date reports are received.   |
| Reporting Status | Document the status of all reporting as 1 of the following: <ul style="list-style-type: none"><li>• on time and correct</li><li>• on time and incorrect</li><li>• incomplete</li><li>• no report.</li></ul> |
| Notification     | Document the date of any contact with manufacturers or importers whose reports are incorrect, incomplete, or missing.   |

**34-40 (Reserved)**

**Part 4 Calculating TTAP Quarterly Assessments****41 Calculating Estimated National Assessments****A Assessment Calculations**

Individual quarterly TTAP assessments **must** be calculated by determining a statutorily prescribed market share for each manufacturer and importer. This market share is defined as the entity's share of the class of tobacco product (expressed as a decimal to the fourth place) of the total volume of domestic removals of the class of tobacco product during the prior quarter.

**B Method of Approach**

EPAS will calculate individual quarterly customer assessments for each manufacturer and importer who reported removals during the applicable quarterly reporting period. Calculating individual customer assessments is a 3-step process:

- calculating the estimated national quarterly assessment
- dividing the estimated national quarterly assessment between the 6 classes of tobacco
- calculating each customer's market share of each class of tobacco.

**C Estimated National Yearly Assessment**

Each year, before the first quarterly assessment, OBF will estimate the following:

- amount of the annual TTPP contract payments to be made to tobacco quota holders and producers of tobacco
- interest CCC will pay to borrow the funds to make payments before assessments are collected
- other expenditures of the Tobacco Trust Fund for the coming year.

This total will be the estimated amount that CCC needs to collect from **all** 4 quarterly assessments for the following calendar year. This yearly assessment is then broken down into 4 quarterly assessments.

## 41 Calculating Estimated National Assessments (Continued)


**D Interest Rates**

The annual interest rate, used to calculate the amount of interest CCC will have to pay to borrow from Treasury, is available online. OBF will use the interest rate found on FSA's Intranet web site.

To see the current year's lending rate, do the following:

- go to **www.fsa.usda.gov**
- under, "I Want To", CLICK "**Find Commodity Credit Corporation Information**"
- under, "Related Topics, CLICK "**Historical Lending Rates**"
- under "CCC Historical Lending Rates", CLICK "**January (current year)**".

USDA's memorandum will be displayed, providing interest rates. For January 2008, OBF used the interest rate provided under, "Local Depositary Earnings" that is "3.250% per annum". The following is an example of USDA's memorandum for January 2008.

|  |   |
|--|---|
|   |   |
| <b>United States<br/>Department of<br/>Agriculture</b><br><br>Farm and Foreign<br>Agricultural<br>Services<br><br>Commodity Credit<br>Corporation<br><br>1400 Independence<br>Ave, SW<br>Stop 0581<br>Washington, DC<br>20250-0581 | <b>Date: January 1, 2008</b><br><br><b>Subject: January 2008 CCC lending rates are:</b> <ul style="list-style-type: none"> <li>• 1995 and prior crop year commodity loans: <b>3.250 %</b> per annum.</li> <li>• 1996 and subsequent crop year commodity loans: <b>4.250 %</b> per annum.</li> <li>• Local Depositary Earnings: <b>3.250 %</b> per annum.</li> <li>• Farm Storage Facility Loans: <b>3.625 %</b> per annum.</li> <li>• Sugar Storage Facility Loans: <b>4.500 %</b> per annum.</li> </ul> <p><b>Note:</b> The lending rate is the rate at which CCC lends money to the public.</p> <p><b>Tobacco Transition Payment Program Discount Rate (January 2008): 9.000 %.</b></p> <p><b>Prompt Pay Interest Rate (January 1, 2008 thru June 30, 2008): 4.750 %.</b></p> |

## 41 Calculating Estimated National Assessments (Continued)

### E Estimated National Quarterly Assessment Amounts

OBF will use the following to calculate the TTPP Estimated National Quarterly Assessment:

- calculate the National Quarterly Costs using the total annual costs and dividing by 4 (quarters); annual cost is **not** to exceed \$960,000,000.00 per year

**Example:**  $\$955,000,000.00 \div 4 = \$238,750,000.00$   
 $\$956,000,000.00 \div 4 = \$239,000,000.00.$

- calculate the National Quarterly Assessment Remaining Balance by using the National Quarterly Assessment Due minus the Quarterly Assessment Due (to include cumulative prior quarterly assessments)

**Example:**  $\$955,000,000.00 - \$238,750,000.00 = 716,250,000.00$   
 $\$716,250,000.00 - \$238,750,000.00 = 477,500,000.00$   
 $\$477,500,000.00 - \$238,750,000.00 = 238,750,000.00$   
 $\$238,750,000.00 - \$238,750,000.00 = \$0.$

- calculate the National Quarterly Interest by multiplying the Daily Interest Rate times the Remaining Balance times the period of time between the quarterly assessment payment due date

**Example:**  $.000089 \times \$955,000,000.00 \times 76 \text{ days} = \$6,462,602.74$   
 $.000089 \times \$716,250,000.00 \times 92 \text{ days} = \$6,867,363.01$   
 $.000089 \times \$477,500,000.00 \times 92 \text{ days} = \$3,911,575.34$   
 $.000089 \times \$238,750,000.00 \times 91 \text{ days} = \$1,934,529.11.$

**Note:** For this example, the interest started January 15, 2008. Calculate the period of time between the quarterly assessment payment due date by counting the days until next quarterly assessment is due, as follows:

1<sup>st</sup> Quarter - January 15 through March 1 = 76 days  
 (if a leap year, would have used 77 days)  
 2<sup>nd</sup> Quarter - March 2 through June 1 = 92 days  
 3<sup>rd</sup> Quarter - June 2 through September 1 = 92 days  
 4<sup>th</sup> Quarter - September 2 through December 31 = 91 days.

- TTPP Estimated National Quarterly Interest and Estimated Other Costs are then added to the TTPP Estimated National Quarterly Assessment Costs resulting in the Estimated National Quarterly Assessment.

## 42 Dividing Estimated National Quarterly Assessment Amounts Between 6 Classes of Tobacco

### A Data Source

EPAS will, before the first quarterly assessment each year, calculate the percentages used to divide the national assessment between the classes of tobacco products using data on the volume of tobacco products removed. These data, published by the Department of the Treasury's Alcohol and Tobacco Tax and Trade Bureau's are located in the report titled, "Statistical Report – Tobacco for December". Use the December report dated 2 calendar years **previous** to the calendar year for which assessments will be made (see subparagraph D for an example of December 2007). The web site for Statistical Reports is [www.ttb.gov/tobacco/tobacco\\_stats.shtml](http://www.ttb.gov/tobacco/tobacco_stats.shtml).

### B Calculating Percentage Distribution

For each class of tobacco, use data under column, "Current Year Cumulative to Date", as follows.

| Step | Action   |
|------|--|
| 1    | Add the domestic data under, "Removed Taxable including from Puerto Rico" to the imported data under, "IMPORTED FROM FOREIGN COUNTRIES". This will equal the <b>total quantity</b> . |
| 2    | Multiple the total quantity times the 2005 Maximum Tax rate (subparagraph E). This will equal the <b>estimated taxes</b> .   |
| 3    | Divide estimated taxes of <b>each</b> class of tobacco product by the total estimated taxes for all classes. This will equal the <b>allocation by class (percentage)</b> .           |

**Note:** Calculating tobacco class percentage shares of the national assessment are performed using methodology established in the initial division of the national assessment for 2005, using calendar year 2003 data. Tax rates used in the calculation will remain the same **regardless** of any change in the Federal excise tax rates.



**42 Dividing Estimated National Quarterly Assessment Amounts Between 6 Classes of Tobacco (Continued)****C Dividing the Estimated National Quarterly Assessment Between Tobacco Classes**

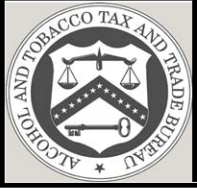
EPAS will, after the class percentages have been entered into the system, divide the national quarterly assessment between the 6 classes of tobacco using the following calculations.

- Estimated national quarterly total assessment by class by multiplying the estimated national quarterly assessment by the percentage for each tobacco class, resulting in the national quarterly class assessments for chewing tobacco, cigarettes, cigars, pipe tobacco, roll-your-own tobacco, and snuff.
- TTPP estimated national quarterly costs by class by multiplying the TTPP estimated national quarterly costs by the percentage for each tobacco class, resulting in the national quarterly class assessments for chewing tobacco, cigarettes, cigars, pipe tobacco, roll-your-own tobacco, and snuff.
- Estimated national quarterly interest by class by multiplying the estimated national quarterly interest due by the percentage for each tobacco class, resulting in the national quarterly class assessments for chewing tobacco, cigarettes, cigars, pipe tobacco, roll-your-own tobacco, and snuff.

# 42 Dividing Estimated National Quarterly Assessment Amounts Between 6 Classes of Tobacco (Continued)

## D Example Statistical Report - Tobacco

The following is an example of the Statistical Report - Tobacco for December 2007. The Statistical Reports are published by the Department of the Treasury's Alcohol and Tobacco Tax and Trade Bureau, and are available at [www.ttb.gov/tobacco/tobacco\\_stats.shtml](http://www.ttb.gov/tobacco/tobacco_stats.shtml).

|  | <b>DEPARTMENT OF THE TREASURY</b><br>ALCOHOL AND TOBACCO TAX AND TRADE BUREAU<br><b>STATISTICAL REPORT - TOBACCO</b> |                |                          |                                      | <b>Report Date:</b><br>14-FEB-2008<br><br><b>Report Symbol:</b><br>TTB S 5210-12-2007 |
|---|--|----------------|--------------------------|--------------------------------------|---|
|   | <b>Reporting Period: December 2007</b>   |                |                          |                                      | <b>Page:</b> 1 of 2   |
|   | (Number of Cigarettes & Cigars - Pounds of Pipe, Chewing Tobacco, Roll-Your-Own & Snuff)                             |                |                          |                                      |   |
| Manufactured or received from Puerto Rico   | Current Month  | Prior Month    | Prior Year Current Month | Current Year Cumulative Year to Date | Prior Year Cumulative Year to Date  |
| Cigarettes - Small  | 26,349,231,137   | 36,026,373,256 | 30,295,520,343           | 450,005,600,983                      | 484,115,033,677   |
| Cigarettes - Large  | 0  | 0              | 0                        | 0                                    | 0   |
| Cigars - Small  | 492,446,360  | 552,188,925    | 362,440,196              | 5,887,758,056                        | 5,188,535,203   |
| Cigars - Large  | 348,284,444  | 413,636,110    | 324,214,073              | 4,798,799,280                        | 4,264,408,315   |
| Snuff   | 6,051,429  | 7,308,160      | 6,463,801                | 89,990,582                           | 87,395,006  |
| Chewing Tobacco   | 1,911,143  | 2,773,235      | 2,278,979                | 36,192,150                           | 38,947,251  |
| Pipe Tobacco  | 224,590  | 391,230        | 293,241                  | 4,124,486                            | 4,287,599   |
| Roll-Your-Own Tobacco   | 1,243,217  | 1,619,459      | 1,214,593                | 17,418,469                           | 16,522,132  |
| <b>Removed Taxable including from Puerto Rico</b>                                 |  |                |                          |                                      |   |
| Cigarettes - Small  | 23,704,522,856   | 28,056,025,973 | 27,233,949,846           | 348,317,484,882                      | 364,569,899,521   |
| Cigarettes - Large  | 0  | 0              | 0                        | 0                                    | 0   |
| Cigars - Small  | 396,936,012  | 474,083,628    | 339,471,363              | 4,849,626,473                        | 4,191,519,807   |
| Cigars - Large, Class A - G   | 156,253,036  | 161,940,468    | 144,200,012              | 2,031,740,860                        | 2,016,447,348   |
| Class H   | 191,545,692  | 217,282,501    | 187,061,367              | 2,626,926,270                        | 2,491,636,755   |
| Total Large   | 347,798,728  | 379,222,969    | 331,261,379              | 4,658,667,130                        | 4,508,084,103   |
| Snuff   | 6,320,613  | 7,360,045      | 6,676,214                | 88,266,593                           | 86,573,123  |
| Chewing Tobacco   | 2,192,098  | 2,749,691      | 2,818,740                | 35,086,655                           | 38,862,076  |
| Pipe Tobacco  | 182,825  | 296,543        | 242,679                  | 3,139,818                            | 3,468,393   |
| Roll-Your-Own Tobacco   | 1,042,607  | 1,647,586      | 1,289,667                | 17,283,788                           | 16,495,710  |
| <b>Removed Tax Exempt - Cigarettes</b>  |  |                |                          |                                      |   |
| Small - Export  | 4,883,562,460  | 6,190,528,220  | 7,795,738,480            | 92,456,239,220                       | 114,155,717,820   |
| Transfer to Export Warehouses   | 178,695,000  | 199,977,000    | 165,185,000              | 2,205,786,000                        | 2,198,667,200   |
| Use of the U.S.   | 7,680,000  | 14,352,400     | 5,898,000                | 209,357,000                          | 217,851,500   |
| Personal Consumption/Experimental   | 2,886,445  | 5,252,988      | 3,557,808                | 70,104,619                           | 77,886,355  |
| Total Small   | 5,072,823,905  | 6,410,110,608  | 7,970,379,288            | 94,941,486,839                       | 116,650,122,875   |
| Large   | 0  | 0              | 0                        | 0                                    | 0   |
| <b>Removed Tax Exempt - Cigars</b>  |  |                |                          |                                      |   |
| Small - Export  | 91,808,750   | 113,958,050    | 99,674,600               | 1,013,220,672                        | 823,418,653   |
| Transfer to Export Warehouses   | 160,000  | 306,000        | 136,000                  | 12,894,500                           | 47,146,000  |
| Use of the U.S.   | 0  | 0              | 0                        | 0                                    | 0   |
| Personal Consumption/Experimental   | 10,212   | 9,657          | 2,200                    | 61,509                               | 78,097  |
| Total Small   | 91,978,962   | 114,273,707    | 99,812,800               | 1,026,176,681                        | 870,642,750   |
| Large - Export  | 9,667,550  | 5,230,800      | 4,105,875                | 83,874,350                           | 87,130,765  |
| Transfer to Export Warehouses   | 4,717,520  | 5,583,840      | 1,135,760                | 30,392,000                           | 12,095,380  |
| Use of the U.S.   | 0  | 0              | 0                        | 0                                    | 0   |
| Personal Consumption/Experimental   | 51,386   | 76,553         | 79,572                   | 805,201                              | 787,198   |
| Total Large   | 14,436,456   | 10,891,193     | 5,321,207                | 115,071,551                          | 100,013,343   |

**Note:** Changes in figures from prior reports could be due to amended reports being filed.

# 42 Dividing Estimated National Quarterly Assessment Amounts Between 6 Classes of Tobacco (Continued)

## D Example Statistical Report - Tobacco (Continued)

| STATISTICAL REPORT - TOBACCO   |                |                | TTB S 5210-12-2007       |                                      | Page: 2 of 2                       |  |
|--|----------------|----------------|--------------------------|--------------------------------------|------------------------------------|--|
|  | Current Month  | Prior Month    | Prior Year Current Month | Current Year Cumulative Year to Date | Prior Year Cumulative Year to Date |  |
| <b>Removed Tax Exempt - Smokeless Tobacco</b>  |                |                |                          |                                      |                                    |  |
| Snuff - Export & To Export Warehouses  | 65,038         | 92,397         | 60,767                   | 1,050,627                            | 1,057,226                          |  |
| Other  | 1,445          | 1,752          | 984                      | 13,705                               | 8,371                              |  |
| Chewing Tobacco - Exp. & To Exp. Whs.  | 0              | 4,937          | 4,455                    | 712,204                              | 68,488                             |  |
| Other  | 403            | 693            | 225                      | 7,948                                | 9,135                              |  |
| <b>Removed Tax Exempt - Pipe Tobacco</b>   |                |                |                          |                                      |                                    |  |
| Export and To Export Warehouses  | 88,552         | 157,177        | 107,288                  | 934,233                              | 781,979                            |  |
| Other  | 20             | 0              | 4                        | 62                                   | 169                                |  |
| <b>Removed Tax Exempt - Roll-Your-Own Tobacco</b>  |                |                |                          |                                      |                                    |  |
| Export and To Export Warehouses  | 343            | 0              | 127                      | 2,364                                | 1,320                              |  |
| Other  | 0              | 1              | 0                        | 4                                    | 7                                  |  |
| <b>IMPORTED FROM FOREIGN COUNTRIES Entered/Withdrawn for Consumption (As reported by the Bureau of the Census in Publication IM 146)</b> |                |                |                          |                                      |                                    |  |
| Cigarettes, Total (USTSA 2402.20.1000, 2402.20.8000, 2402.20.9000)   | 1,381,644,000  | 1,310,757,000  | 2,316,894,000            | 13,272,402,000                       | 16,156,451,000                     |  |
| Cigars - Small (USTSA 2402.10.3030)  | 13,294,000     | 20,082,000     | 54,000,000               | 311,199,000                          | 271,875,000                        |  |
| Cigars - Large:  |                |                |                          |                                      |                                    |  |
| Class A-G (USTSA 2402.10.3060)   | 31,654,000     | 40,586,000     | 39,498,000               | 476,411,000                          | 421,241,000                        |  |
| Class H (USTSA 2402.10.6000, 2402.10.8000, 2402.10.3090)   | 38,970,000     | 40,613,000     | 30,996,000               | 412,593,000                          | 373,892,000                        |  |
| Total Large  | 70,624,000     | 81,199,000     | 70,494,000               | 889,004,000                          | 795,133,000                        |  |
| Snuff (USTSA 2403.99.2040)   | 4,771          | 12,502         | 1,045                    | 101,194                              | 63,497                             |  |
| Chewing Tobacco (USTSA 2403.99.2030)   | 11,482         | 51,035         | 15,408                   | 217,387                              | 235,747                            |  |
| Pipe Tobacco (USTSA 2403.10.2020)  | 122,542        | 98,229         | 145,426                  | 1,862,312                            | 1,439,423                          |  |
| Roll-Your-Own Tobacco (USTSA 2403.10.2040)   | 32,031         | 183,131        | 90,804                   | 1,658,991                            | 1,139,660                          |  |
| <b>Release to Domestic Factories Without Payment of Tax (Included also in above "Entered/Withdrawn for Consumption" Category)</b>        |                |                |                          |                                      |                                    |  |
| Cigarettes - Small   | 2,746          | 43,838         | 2,777                    | 12,529,330                           | 45,649,886                         |  |
| Cigarettes - Large   | 0              | 0              | 0                        | 0                                    | 0                                  |  |
| Cigars - Small   | 0              | 0              | 0                        | 0                                    | 0                                  |  |
| Cigars - Large   | 0              | 0              | 0                        | 0                                    | 367,417,579                        |  |
| Snuff  | 0              | 0              | 0                        | 0                                    | 0                                  |  |
| Chewing Tobacco  | 0              | 0              | 0                        | 0                                    | 0                                  |  |
| Pipe Tobacco   | 0              | 0              | 0                        | 0                                    | 0                                  |  |
| Roll-Your-Own Tobacco  | 0              | 0              | 0                        | 0                                    | 0                                  |  |
| <b>Onhand / Close of Business</b>  |                |                |                          |                                      |                                    |  |
| Cigarettes - Small   | 34,282,869,395 | 36,878,547,200 | 30,515,429,768           |                                      |                                    |  |
| Cigarettes - Large   | 0              | 0              | 0                        |                                      |                                    |  |
| Cigars - Small   | 455,855,241    | 436,403,514    | 379,611,429              |                                      |                                    |  |
| Cigars - Large   | 326,224,342    | 342,125,039    | 305,329,348              |                                      |                                    |  |
| Snuff  | 3,072,634      | 3,414,554      | 2,832,549                |                                      |                                    |  |
| Chewing Tobacco  | 1,744,565      | 2,028,152      | 1,350,994                |                                      |                                    |  |
| Pipe Tobacco   | 168,243        | 217,943        | 166,158                  |                                      |                                    |  |
| Roll-Your-Own Tobacco  | 505,907        | 310,802        | 279,522                  |                                      |                                    |  |

Note: Changes in figures from prior reports could be due to amended reports being filed.

<http://www.ttb.gov>

## 42 Dividing Estimated National Quarterly Assessment Amounts Between 6 Classes of Tobacco (Continued)

### E 2005 Maximum Tax Rates

The following rates, established by TTB, shall be used to establish the **estimated taxes**, according to subparagraph B.

**Note:** These tax rates will remain the same **regardless** of any change in the Federal excise tax rates.

\*--

| <b>Tobacco Products</b> | <b>Rate</b>          |
|-------------------------|----------------------|
| Small Cigarettes        | \$19.50 Per Thousand |
| Small Cigars            | \$1.828 Per Thousand |
| Large Cigars            | \$48.75 Per Thousand |
| Chewing Tobacco         | \$0.195 Per Pound    |
| Snuff                   | \$0.585 Per Pound    |
| Pipe Tobacco            | \$1.0969 Per Pound   |
| Roll-Your-Own Tobacco   | \$1.0969 Per Pound   |

--\*

## 43 Calculating Individual Customer's Percentage Share and Assessments

### A Method of Approach

After determining the estimated national quarterly assessments for each class of tobacco product, the national quarterly assessment is divided between all applicable members of each class.

**Example:** If the class of tobacco products is, "cigars", and there are 100 cigar manufacturers and importers, the national quarterly assessment for cigars is divided between these 100 cigar customers according to the volume of their individual removals as a percentage of total removals for all 100 cigar entities.

### B Calculating Customer Percentage Shares of Class of Tobacco For All Classes Except Cigars

Calculating customer percentage shares is a 4-step process, as follows.

| Step | Action  |
|------|---|
| 1    | Establish total excise taxes paid by TTB permit, by class, by quarter by calculating the sum of excise taxes paid by TTB permit, by class, by quarter, resulting in <b>total taxes paid by permit</b> . |
| 2    | Establish the aggregate of taxes paid by customer, by class, by quarter by calculating the sum of taxes paid by customer TIN, by class, by quarter, resulting in <b>total taxes by customer</b> .       |
| 3    | Establish the aggregate of total taxes paid by class, by quarter by calculating the sum of taxes paid by <b>all</b> customers in class, by quarter, resulting in <b>total taxes by class</b> .          |
| 4    | Calculate customer percentage share of taxes paid by class by dividing taxes paid by TIN, by the taxes paid by <b>all</b> customers in class, resulting in customer's class market share.               |

**Note:** Truncate percentage result to 6 places. Any company with a market share less than 0.0001 percent is **excluded** from the assessment.

### 43 Calculating Individual Customer's Percentage Share and Assessments (Continued)

#### C Calculating Customer Percentage Shares of For Cigars

Calculating customer percentage shares is a 4-step process, as follows.

| Step | Action  |
|------|---|
| 1    | Establish total volume removed by TTB permit, by class, by quarter by calculating the sum of volume removed by TTB permit, by class, by quarter, resulting in total volume by permit.                     |
| 2    | Establish the aggregate volume removed by customer, by class, by quarter by calculating the sum of volume removed by customer TIN, by class, by quarter, resulting in total volume by customer.           |
| 3    | Establish the aggregate of total volume removed by class, by quarter by calculating the sum of volume removed by <b>all</b> customers in class, by class, by quarter, resulting in total volume by class. |
| 4    | Calculate customer percentage share of volume removed by class by dividing total volume by TIN by total volume by class, resulting in customer's class market share.                                      |

**Note:** Truncate percentage result to 6 places. Any company with a market share less than 0.0001 percent is excluded from the assessment.

**43 Calculating Individual Customer's Percentage Share and Assessments (Continued)****D Calculating Customer Quarterly Assessment Amounts**

Calculating customer quarterly assessments is a 3-step process, as follows.

| <b>Step</b> | <b>Action</b>   |
|-------------|---|
| 1           | Calculate customer quarterly <b>total</b> assessments for all classes by multiplying the national quarterly class assessment, by class, by the customer's class market share.         |
| 2           | Calculate customer quarterly <b>cost</b> assessments for all classes by multiplying the national quarterly cost assessment, by class, by the customer's class market share.           |
| 3           | Calculate customer quarterly <b>interest</b> assessments for all classes by multiplying the national quarterly interest due assessment by class by the customer's class market share. |

**44 Correcting Market Shares and Assessments After CCC-977's Issued****A Method of Approach For Recalculating Individual Market Shares and Assessments**

EPAS will correct the market data, and recalculate the market share and assessment, for specific CCC-977's, **without** immediate impact to the rest of the quarterly CCC-977's. A recalculation of **all** market shares and assessments will be completed during the annual revisions cycle (Part 7).

**Example:** Current calendar year, before the annual revisions, but after the affected quarterly cycle, a customer disputes the amount of their assessment. EPAS determines that the customer is correct and a corrected assessment should be reissued immediately. EPAS shall recalculate **only** the affected quarterly CCC-977 for the affected customer. During the annual revision cycle, **all** CCC-977's within the affected quarter will be recalculated reflecting all appropriate shares and assessments for that quarter.

A customer may, at anytime during the course of TTAP, submit revised removal documentation affecting all market shares during that quarter. Market data revisions shall be allowed during any market quarter, **even if** annual revisions have been previously completed.

**Example:** A customer sends in a complete set of revised removal documents for a specific quarter for year 2006. The annual revisions have already been completed. EPAS will **not only** recalculate the market share and assessment for the affect customer for the affected quarter, but will EPAS **also** perform an annual revision cycle for the affected calendar year for **all** reporting entities.

**B Assessment Correction Authorizations**

All revisions **must** be approved by EPAS and all authorizations **must** be documented using the TTAP Assessment Correction Authorization (subparagraph C).



## 44 Correcting Market Shares and Assessments After CCC-977's Issued (Continued)

**C Example TTAP Assessment Correction Authorization**

The following is an example TTAP Assessment Correction Authorization.

| Tobacco Transition Assessment Program<br>Assessment Correction Authorization   |             |
|--|-------------|
| <b>Date</b>  | 4/1/2009    |
| <b>Control Number</b>  | FY- _Q-#### |
| <b>Company Name</b>  |             |
| <b>Company Address</b>   |             |
| <b>Customer ID</b><br><b>Product Class</b><br><b>Fiscal Year</b><br><b>Quarter</b><br><b>Invoice Number</b>  |             |
| <b>Explanation</b>   |             |
|  |             |
| <b>Original Assessment</b><br><b>Corrected Assessment</b>  |             |
| <div style="border-bottom: 1px solid black; width: 100%;"></div> <b>Signature of Requestor</b>   |             |
| <div style="display: flex; justify-content: space-around; align-items: center;"> <input type="checkbox"/> Approve           <input type="checkbox"/> Disapprove         </div> |             |
| <div style="border-bottom: 1px solid black; width: 100%;"></div> <b>Signature of Approver</b>  |             |
| <b>Remarks</b>   |             |
|  |             |

45-50 (Reserved)



**Part 5 Assessment Packets****51 Quarterly CCC-977's****A Method of Approach**

EPAS shall:

- after individual customer's market shares and assessments have been calculated, send copies of **all** assessment calculations to OBF for further financial processing
- create a quarterly CCC-977 (subparagraph E)
- create a PDF of **each** CCC-977 and send to OBF for mailing.

**B Basic CCC-977 Content**

The following customer information is provided on CCC-977.

- year
- assessment date
- whether CCC-977 is original or revised
- customer business name
- customer address
- class of tobacco
- customer ID
- CCC-977 number
- customer total assessment.

## 51 Quarterly CCC-977's (Continued)

**C National Assessment Information CCC-977 Content**

To comply with FETRA, each CCC-977 **must** contain the following national assessment information:

- percentage of the national quarterly assessment assigned to each class of tobacco and the sum of all percentages
- amount of the national quarterly **program** assessment assigned to each class of tobacco and the sum of all program assessments
- amount of the national quarterly **interest** assessment assigned to each class of tobacco and the sum of all interest assessments
- **total** quarterly national assessment assigned to each class of tobacco and the sum of all assessments.

**D Class and Customer Assessment Information CCC-977 Content**

To comply with FETRA, each CCC-977 **must** include all the information used in each customer's quarterly market share and assessment calculation, as follows:

- pertinent quarterly total excise taxes paid (or total volume removed for cigars) by the applicable class of tobacco
- pertinent quarterly total taxes paid by customer TIN (or total volume removed for cigars) paid by the customer
- customer percentage share of taxes paid by class (or total volume removed by class for cigars)
- customer quarterly **program** cost assessment for the class of tobacco
- customer quarterly **interest** assessment for the class of tobacco
- customer quarterly **total** assessment for the class of tobacco.

## 51 Quarterly CCC-977's (Continued)

## E Example CCC-977

The following is an example CCC-977.

|  |  |   |  |   |                            |
|--|--|---|--|---|----------------------------|
| <b>CCC-977</b><br>(04-23-09)   |  | <b>U.S. DEPARTMENT OF AGRICULTURE</b><br>Commodity Credit Corporation |  | 1. Year<br>2009                               | 2. Assessment Date<br>June |
| <b>TOBACCO TRANSITION ASSESSMENT PROGRAM (TTAP)</b><br><b>QUARTERLY ASSESSMENT INVOICE</b>   |  |   |  | 3. Original or Revised Assessment<br>Original |                            |
|  |  |   |  |   |                            |
| 4. Company Name and Address (Including Zip Code)<br>Smith Tobacco Company<br>1400 Main Street<br>Milbank, SD 57111   |  |   |  |   |                            |
| 5. Class of Tobacco: Cigarettes  |  |   |  |   |                            |
| 6. Customer ID<br>SMITHTOBAC01   |  | 7. Invoice Number<br>CG09100006                                       |  | 8. Total Assessment<br>\$ 7,809.92            |                            |
| <b>PART A - NATIONAL ASSESSMENT INFORMATION</b>  |  |   |  |   |                            |
| This assessment is pursuant to 7 U.S.C. 518 -159(a). National Quarterly Assessment   |  |   |  |   |                            |
| <b>A. Tobacco Class</b>  |  | <b>B. Percent of Tobacco Sale</b>                                     |  | <b>National Assessment</b>                    |                            |
|  |  |   |  | <b>C. Program Costs</b>                       | <b>D. Interest Costs</b>   |
|  |  |   |  | <b>E. Total Assessment</b>                    |                            |
| (1) Cigarettes   |  | 95.0817%  |  | \$ 227,245,263.00                             | \$ 1,073,967.34            |
| (2) Cigars   |  | 3.7741%   |  | \$ 9,020,099.00                               | \$ 42,629.24               |
| (3) Snuff  |  | 0.6971%   |  | \$ 1,666,069.00                               | \$ 7,873.89                |
| (4) Roll Your Own  |  | 0.2801%   |  | \$ 669,439.00                                 | \$ 3,163.79                |
| (5) Chewing Tobacco  |  | 0.0928%   |  | \$ 221,792.00                                 | \$ 1,048.20                |
| (6). Pipe Tobacco  |  | 0.0739%   |  | \$ 176,621.00                                 | \$ 834.72                  |
| (7) Total (Items (1) through (6))  |  | 99.9997%  |  | \$ 238,999,283.00                             | \$ 1,129,517.18            |
| <b>PART B - CLASS AND COMPANY ASSESSMENT INFORMATION</b>   |  |   |  |   |                            |
| <b>A. Gross Excise Taxes Paid:</b>   |  |   |  | <b>Notes</b>                                  |                            |
| 1. Total Taxes Paid by Class of Tobacco 1/   |  |   |  | \$ 1,754,722,337                              |                            |
| 2. Total Taxes Paid by Your Company  |  |   |  | \$ 60,606                                     |                            |
| 3. Your Company's Share 2/ (Item 2 divided by Item 1, above)   |  |   |  | \$ .000034                                    |                            |
| <b>B. Program and Interest Costs:</b>  |  |   |  |   |                            |
| 1. Your Company's Program Costs<br>Part A, Item C (1, 2, 3, 4, 5 or 6) multiplied by Part B, Item A3   |  |   |  | \$ 60,000                                     |                            |
| 2. Your Company's Interest Costs<br>(Part A, Item D (1, 2, 3, 4, 5 or 6) multiplied by Part B, Item A3   |  |   |  | \$ 606  |                            |
| 3. Your Company's Total Quarterly Assessment<br>(Item 1 plus Item 2, above)  |  |   |  | \$ 60,606                                     |                            |
| <p style="text-align: center;"><b>Interest Will Accrue if Payment is Not Received by June 30th</b></p> <p style="text-align: center;"><b>Please See Statement for Transactions for your company's history and amount due</b></p>   |  |   |  |   |                            |
| <p><small>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.</small></p> |  |   |  |   |                            |

**52 Quarterly CCC-979's****A Method of Approach**

OBF shall generate quarterly CCC-979's for each customer who has reported removals during the quarter and/or has an open balance.

**B CCC-979 Content**

OBF will interface with NRRS to retrieve customer account balance information. During each quarterly CCC-977 cycle, OBF shall generate CCC-979's (subparagraph C) reflecting a snapshot of a customer's account activity. Each CCC-979 shall include the following information that corresponds with the quarterly CCC-977:

- year
- assessment period
- customer business name
- customer address
- customer ID
- whether CCC-977 is original or revised.

For each customer transaction, each quarterly CCC-979 shall also include the following:

- transaction date
- CCC-977 number (subparagraph 51 E)
- description of the transaction
- charges
- collections/credits
- balance.

## 52 Quarterly CCC-979's (Continued)

## C Example CCC-979

The following is an example CCC-979.

|  |                       |   |               |  |  |
|--|-----------------------|---|---------------|--|--|
| <b>CCC-979</b><br>(04-23-09)   |                       | <b>U.S. DEPARTMENT OF AGRICULTURE</b><br>Commodity Credit Corporation |               | 1. Year<br><div style="text-align: center;">2009</div>   | 3. Assessment Period<br><i>(Check One):</i><br><input type="checkbox"/> March 1 <input checked="" type="checkbox"/> June 1<br><input type="checkbox"/> September 1 <input type="checkbox"/> December 1 |
| <b>TOBACCO TRANSITION ASSESSMENT PROGRAM (TTAP)</b><br><b>STATEMENT OF TRANSACTION</b>   |                       |   |               | 2. Check One:<br><input checked="" type="checkbox"/> Original<br><input type="checkbox"/> Revision |  |
| 4. Company Name and Address <i>(Including Zip Code)</i><br>Smith Tobacco Company<br>1400 Main Street<br>Milbank, SD 57111          |                       |   |               | 5. Customer ID<br><div style="text-align: center;">SMITHTOBAC01</div>                              |  |
| 6.<br>Transaction<br>Date  | 7.<br>Document Number | 8.<br>Description   | 9.<br>Charges | 10.<br>Payments/Credits  | 11.<br>Balance   |
| 6/1/09   | CG9100006             | June Assessment   | \$ 60,606 -   | \$ =   | \$ 60,606  |
|  |                       |   | \$ -          | \$ =   | \$   |
|  |                       |   | \$ -          | \$ =   | \$   |
|  |                       |   | \$ -          | \$ =   | \$   |
|  |                       |   | \$ -          | \$ =   | \$   |
|  |                       |   | \$ -          | \$ =   | \$   |
|  |                       |   | \$ -          | \$ =   | \$   |
|  |                       |   | \$ -          | \$ =   | \$   |
|  |                       |   | \$ -          | \$ =   | \$   |
|  |                       |   | \$ -          | \$ =   | \$   |
|  |                       |   | \$ -          | \$ =   | \$   |
|  |                       |   | \$ -          | \$ =   | \$   |
|  |                       |   | \$ -          | \$ =   | \$   |
|  |                       |   | \$ -          | \$ =   | \$   |
| 12. Total Amount Due <i>(Note: If amount due is in parenthesis "()", this indicates a credit balance. Do not pay this amount.)</i> |                       |   |               |  | \$   |

Please pay the above amount in U.S. Funds 8:00 p.m. EST on June 30th ONLINE at WWW.PAY.GOV  
**PLEASE NOTE THIS STATEMENT ONLY REFLECTS INTEREST THROUGH** May 2009  
June 2009 **LATE PAYMENT INTEREST WILL NOT APPEAR ON THIS STATEMENT.**

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**53 Mailing Assessment Packets****A Method of Approach**

OBF shall collate and mail quarterly assessments packets for each active customer.

**B Assessment Packet Contents for Customers Receiving an Assessment**

For each customer receiving a quarterly assessment, each packet **must** include the following:

- CCC-977 (subparagraph 51 E)
- CCC-977-1 (subparagraph E)
- CCC-977-2 (subparagraph F)
- CCC-979 (subparagraph 52 C)
- table listing the market shares for all customers included in the pertinent assessment class.

**C Packet Contents for Active Customers Not Receiving an Assessment**

For each active customer that does **not** receive a quarterly assessment, each packet **must** include the following:

- CCC-977-1 (subparagraph E)
- CCC-979 (subparagraph 52 C)
- Quarterly Assessment letter (subparagraph G).



**53 Mailing Assessment Packets (Continued)**

**D Quality Control**

OBF will:

- before assembling the assessment packets, create a list of all the documents to be included in each customer's packet
- take a team approach for quality control

**Note:** The team will consist of 3 members, as follows:

- the first member, the reader, will read aloud the content of each customer's packet
  - the second member, the assembler, will compile the packet including documents enumerated by the reader
  - the third member will take the completed pile, verify the content, and place the documents in the envelope.
- follow the established Quarterly Mailing Quality Control Checklist (subparagraph H).

## 53 Mailing Assessment Packets (Continued)

## E Example CCC-977-1

The following is an example CCC-977-1.

|  |   |   |   |  |   |
|--|---|---|---|--|---|
| <b>CCC-977-1</b><br>(04-23-09)   |   | <b>U.S. DEPARTMENT OF AGRICULTURE</b><br>Commodity Credit Corporation   |   | 1. Year<br>2009  | 3. Assessment Period<br>(Check One):<br><input type="checkbox"/> March 1 <input checked="" type="checkbox"/> June 1<br><input type="checkbox"/> September 1 <input type="checkbox"/> December 1 |
| <b>TOBACCO TRANSITION ASSESSMENT PROGRAM (TTAP)</b><br><b>PAYMENT AND DEBT INFORMATION</b><br><b>QUARTERLY ASSESSMENT</b>  |   |   |   | 2. Check One:<br><input checked="" type="checkbox"/> Original<br><input type="checkbox"/> Revision |   |
| <b>Payment Information</b><br><b>Pay.gov</b> - All payments made by 8:00 p.m. EST through pay.gov will be credited that day. Instructions for paying this invoice online using pay.gov can be found on the FSA web site at <a href="http://www.fsa.usda.gov/Internet/FSA_File/payprocespaygovsept26.pdf">www.fsa.usda.gov/Internet/FSA_File/payprocespaygovsept26.pdf</a> .<br>7 CFR Part 1463.9(b) requires that payments due under this subpart must be submitted to CCC by using electronic payment unless prior written approval has been obtained from CCC. For approval call 202-720-6782.<br><b>Checks</b> - Preferred method of payment is Pay.gov. If payment is made by check, send to: United States Department of Agriculture, Commodity Credit Corporation, Beacon Facility - Mail Stop 8212, P.O. Box 419205, Kansas City, MO 64141-6205. Make checks payable to "Commodity Credit Corporation."<br><b>Accounts with Outstanding Balances</b> - All payments received will be credited to any outstanding finance charges before being applied to the oldest outstanding invoice amount.<br>For additional information and/or questions, contact the Economic and Policy Analysis Staff at 202-720-6782.<br><b>Change of Address</b><br>If you would like future invoices and program information sent to a different address, please provide the information below and mail to the Economic and Policy Analysis Staff, Farm Service Agency, 1400 Independence Ave., S.W., Room 3720, STOP 0515, Washington, DC 20250.   |   |   |   |  |   |
| 4A. Old Company Name and Address (Including Zip Code)<br>Smith Tobacco Company<br>1400 Main Street<br>Milbank, SD 11111  |   | 5A. New Company Name and Address (Including Zip Code)<br>Smith Tobacco Company<br>1500 King Street<br>Milbank, SD 11112 |   |  |   |
| 4B. Customer ID<br>SMITHTOBAC01  | 4C. Telephone Number (Including Zip Code)<br>000-000-0000 | 5B. Customer ID<br>SMITHTOBAC01   | 5C. Telephone Number (Including Zip Code)<br>000-000-0000 |  |   |
| 6A. Authorized Company Representatives Name<br>Thomas Smith  |   | 6B. Title<br>President  |   |  |   |
| 6C. Authorized Company Representatives Signature   |   | 6D. Date (MM-DD-YYYY)<br>04-23-2009   |   |  |   |
| <b>Debt Information</b><br>This is to notify you that Farm Service Agency/Commodity Credit Corporation (FSA/CCC) has determined you owe an assessed amount under the Tobacco Transition Assessment Program (7 USC 621-643). You may contact the Economic and Policy Analysis Staff at 202-720-6782 to review records related to the determination of this assessment or to receive an explanation of the assessment. You may obtain a copy of the records, subject to a possible copying charge.<br>If the debt is not resolved within 30 business days from the date of this letter, this Agency reserves the right to use all additional collection actions available to recover the delinquent assessment when it becomes a delinquent debt. The debt may be collected by:<br><ul style="list-style-type: none"> <li>- Internal administrative offset from any CCC or FSA payments that may be due to you</li> <li>- Assessment of late payment interest, administrative costs and penalties</li> <li>- Reporting the debt to credit bureaus</li> <li>- Referring the debt to private collection agencies and debt collection centers</li> <li>- Collecting the debt by offset of qualified disbursements and refunds, including federal tax refunds</li> <li>- Referring the debt for litigation (if collection administratively is unsuccessful)</li> <li>- Reporting the debt to the Internal Revenue Service if the debt or any portion of the debt is discharged</li> </ul> Once your debt is more than 180 calendar days delinquent, we are required to refer the debt to the Department of Treasury for collection.<br>Our records do not reflect that you have filed for bankruptcy protection under Title 11 of the United States Code. If you have filed for bankruptcy, please provide proof of the bankruptcy filing so that we may update our records and proceed to resolve this debt in accordance with bankruptcy procedures. |   |   |   |  |   |
| <i>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.</i>  |   |   |   |  |   |

## 53 Mailing Assessment Packets (Continued)

## F Example CCC-977-2

The following is an example CCC-977-2.

|  |  |   |  |  |  |
|--|--|---|--|--|--|
| <b>CCC-977-2</b><br>(04-23-09)   |  | <b>U.S. DEPARTMENT OF AGRICULTURE</b><br>Commodity Credit Corporation |  | 1. Year<br><div style="text-align: center;">2009</div>   | 3. Assessment Period<br><i>(Check One):</i><br><input type="checkbox"/> March 1 <input checked="" type="checkbox"/> June 1<br><input type="checkbox"/> September 1 <input type="checkbox"/> December 1 |
| <b>TOBACCO TRANSITION ASSESSMENT PROGRAM (TTAP)</b><br><b>DISPUTE INFORMATION</b><br><b>QUARTERLY ASSESSMENT</b> |  |   |  | 2. Check One:<br><input checked="" type="checkbox"/> Original<br><input type="checkbox"/> Revision |  |

When disputing any part of this quarterly assessment invoice, please complete and sign the form below. Please include any supporting documents and send to the following address:

Economic and Policy Analysis Staff  
 Farm Service Agency  
 1400 Independence Ave., S.W.  
 STOP 0515, Room 3720  
 Washington, D.C. 20250

The CCC must receive all dispute information within 30 business days from the date of this invoice. **The entire amount of the invoice must be paid by the payment due date, including the amount in dispute. Disputed amounts will be placed in escrow until the matter is resolved.**

**Please note, the total assessment cannot be disputed. If the disputed amount is not provided, no portion of the payment will be place in escrow.**

|   |   |  |   |
|---|---|--|---|
| 4. Company Name and Address <i>(Including Zip Code)</i><br>Smith Tobacco Company<br>1500 King Street<br>Milbank, SD 11112 | 5. Customer ID<br><div style="text-align: center;">SMITHTOBAC01</div> | 6. Invoice Number<br><div style="text-align: center;">CG09100006</div> | 7. Invoice Date (MM-DD-YYYY)<br><div style="text-align: center;">06-01-2009</div> |
| 8. Volume Disputed<br>10,000 Cigarettes   | 9. Amount Disputed<br>\$ \$25,000                                     |  |   |

10. Check All that Applies:

☐ A. I certify that the gross domestic volume listed above was not removed (as defined by section 5702 of the Internal Revenue Code of 1986); or was exempt from tax under Chapter 52 of the Internal Revenue Code of 1986 as the time of their removal under that chapter or the Harmonized Tariff Schedule of the United States (19 U.S.C. 1202) by the company listed in number 7.

☒ B. I certify that the tobacco class listed above was not removed (as defined by section 5702 of the Internal Revenue Code of 1986); or was exempt from tax under chapter 52 of the Internal Revenue Code of 1986 at the time of their removal under that chapter or the Harmonized Tariff Schedule of the United States (19 U.S.C. 1202) by the company listed in number 7.

☐ C. Other *(Explain):*


|   |  |
|---|--|
| 11A. Authorized Company Representative Name<br>Thomas Smith | 11B. Title<br>President  |
| 11C. Authorized Company Representative Signature            | 11D. Date (MM-DD-YYYY)<br><div style="text-align: right;">04-23-2009</div> |

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.

## 53 Mailing Assessment Packets (Continued)

## G Example Quarterly Assessment Letter

The following is an example Quarterly Assessment letter.

|  |   |
|--|---|
|   | <b>Quarterly Assessment – March 1, 2009</b> |
| Commodity Credit Corporation (CCC)   |   |
| <br>Dear Manufacturer/Importer,  |   |
| <br>This letter serves to inform you that due to inactivity, a market share below the .0001% threshold or lack of timely reporting, your company will not receive an assessment this quarter. Included is a Statement detailing all program transactions since January 1, 2007 and your account balance. If you have a balance, your immediate attention is required since interest will accrue until payment is made. |   |
| <br>Please see the Payment and Debt Information on the back of this page for additional information. If you have any questions regarding your account, please call the Economic and Policy Analysis Staff at the Farm Service Agency at (202) 720-6782.  |   |
| <br>Sincerely,   |   |
| <br>Farm Service Agency  |   |

## 53 Mailing Assessment Packets (Continued)

## H Example Quarterly Mailing Quality Control Checklist

The following is an example Quarterly Mailing Quality Control Checklist.

| <b>USDA</b><br><b>Quarterly Mailing QC Checklist</b>   |                      |
|--|----------------------|
| <b>Quarterly Mailing QC Checklist</b>  |                      |
| Year: <u>2009</u><br>Quarter: <u>1</u>   |                      |
| <b>Order of Materials</b>  |                      |
| <input checked="" type="checkbox"/> Invoices / Payment and Debt Information / Dispute Form<br><input checked="" type="checkbox"/> No Invoice Letter (only for companies with no invoice)<br><input checked="" type="checkbox"/> Statement (Stapled)  |                      |
| <input checked="" type="checkbox"/> Labels created and placed on USDA envelopes  |                      |
| <b>Mailing Checklist</b>   |                      |
| <input checked="" type="checkbox"/> Mailing checklist created<br><input checked="" type="checkbox"/> Information on Mailing Checklist matches invoice, dispute form, and statement<br><input checked="" type="checkbox"/> Customer Name and address on envelope matches invoice and statement<br><input checked="" type="checkbox"/> Letters included in assessment packages for companies with no invoice |                      |
| Reviewer: <u>J. Fick</u>   | Date: <u>2/24/09</u> |
| Second Reviewer: <u>M. Valente</u>   | Date: <u>2/24/09</u> |

54-60 (Reserved)



## Part 6 Collecting Assessment Payments

### 61 Assessment Collections

#### A Payment Due Date

Each customer that receives CCC-977 for the quarterly assessment **must** pay CCC-977 by the 30<sup>th</sup> day of the last month of the calendar quarter to avoid late interest charges.

**Note:** If the 30<sup>th</sup> day of the last month of the quarter falls on a weekend or Government holiday, the payment due date is the next workday.

#### B Payment Methods

There are 3 types of payment methods, as follows.

| Type          | Description   |
|---------------|---|
| Internet      | <p>All payments should be made through the Internet at <b>www.pay.gov</b> (see Exhibit 10 for instructions). Pay.gov allows CCC-977 payments to be made by ACH debit or credit card.</p> <p><b>Note:</b> This is the <b>preferred</b> method.</p>   |
| Check         | <p>Customers can make special arrangements to pay assessments by check or wire transfer.</p> <p><b>Notes:</b> Requests to pay by check or wire transfer should be made <b>before</b> making the payment, <b>before</b> the payment due date, and should be mailed to the following address.</p> <p>Checks shall be made payable to, "Commodity Credit Corporation".</p> <p>U.S. DEPARTMENT OF AGRICULTURE<br/>COMMODITY CREDIT CORPORATION<br/>PO BOX 419205<br/>BEACON FACILITY – MAIL STOP 8212<br/>KANSAS CITY MO 64141-6205.</p> <p>If payments are returned, collections shall be handled according to 3-FI.</p> |
| Wire Transfer |   |

**62 Handling Late Payments or No Payment****A Late Payment Interest**

Late interest will be charged to **all** CCC-977's **not** paid by the specified due date, as follows:

- interest rates charged are according to 50-FI.
- late interest is calculated monthly on all unpaid CCC-977's.

**B Demand Letters**

OBF shall follow guidelines established in 58-FI for issuing demand letters.

**C Referring Delinquent Debt**

OBF shall follow guidelines established in 58-FI for referring delinquent debt.

**63 Other Litigation****A Bankruptcies**

EPAS will, after receiving U.S. Bankruptcy Court documents, coordinate with OGC regional attorneys to help prepare documents necessary to protect CCC's interests; specifically the U.S. Bankruptcy Court Official Form B 10, "Proof of Claim", available at [www.uscourts.gov/bankform/index.html](http://www.uscourts.gov/bankform/index.html).

**B Lawsuits Against Non-Paying Customers**

EPAS and OBF will provide OGC and Department of Justice attorneys with the information and data necessary for the litigation of non-paying customers.

**64-70 (Reserved)**



## Part 7 Revising Assessments

### 71 Revising Quarterly Assessments

#### A Method of Approach

EPAS will calculate revised individual customer's quarterly assessments for the 4 quarters of any TTAP year. These revisions shall reflect the actual program costs for the year, any revisions to that year's customer reports, and will include tax and volume data received from customers **not** included in previous assessment calculations.

#### B Calculating Revised Individual Customer Quarterly Assessments

Calculating revised individual customer quarterly assessments is a 3-step process, as follows.

| Step | Action   |
|------|--|
| 1    | Capture the <b>actual</b> national quarterly assessment.                 |
| 2    | Divide the actual national quarterly assessment between product classes. |
| 3    | Calculate each customer's share of each product class.                   |

OBF will:

- calculate the actual TTPP costs for the previous year
- interface with NRRS to capture any outstanding balances or credits to be applied during the next quarterly cycle.

**Note:** The revision cycle shall be completed as soon as practical at the beginning of the next calendar year, preferably by March 1.

## 72 Revising Annual Assessments

### A Actual National Annual Assessment

OBF will:

- before calculating revised quarterly assessments, calculate the actual TTPP costs for the year
- calculate TTPP costs in an Excel spreadsheet titled, “20xx TTPP Daily Interest Calculation” (xx is the last 2 digits of the year), that was provided under separate cover.

**Note:** TTPP costs include the total CCC-955/CCC-956 payments that were made to tobacco quota holders and producers of tobacco for the year, the daily net interest paid by CCC for each day of the year, and any other costs.

## 72 Revising Annual Assessments (Continued)

**B TTPP Actual Annual Costs and Net Interest**

OBF will calculate the following in the Excel spreadsheet titled, “20xx TTPP Daily Interest Calculation” (xx is the last 2 digits of the year), to determine TTPP actual annual costs and net interest:

- daily cumulative TTPP CCC-955/CCC-956 payments that were made to tobacco quota holders and producers of tobacco

**Note:** The total costs for the year are the December 31<sup>st</sup>, “Cumulative Disbursement Amount.” TTAP will capture this amount as “XXXX TTPP Actual Annual Costs” (XXXX is the year).

- daily cumulative TTPP net interest; TTAP shall capture the actual quarterly net interest for **each** quarter from this spreadsheet as follows:

**Note:** The “Cumulative Disbursement Amount” minus the “Cumulative Assessment” equals the “TTPP Actual Annual Cost”. The “TTPP Actual Annual Cost” multiplied by the “Daily Interest Borrowing Rate” equals the “Cumulative Interest on Net Amount.”

- “XXXX 1<sup>st</sup> Quarter Actual Quarterly Interest (XXXX is the year)” is the March 30, “Cumulative Interest on Net Amount”
- “XXXX 2<sup>nd</sup> Quarter Actual Quarterly Interest (XXXX is the year)” is the June 30, “Cumulative Interest on Net Amount”, minus the “1<sup>st</sup> Quarter Net Interest”
- “XXXX 3<sup>rd</sup> Quarter Actual Quarterly Interest (XXXX is the year)” is the September 30, “Cumulative Interest on Net Amount”, minus the “2<sup>nd</sup> Quarter Net Interest”
- “XXXX 4<sup>th</sup> Quarter Actual Quarterly Interest (XXXX is the year)” is the December 31, “Cumulative Interest on Net Amount”, minus the “3<sup>rd</sup> Quarter Net Interest”.

**72 Revising Annual Assessments (Continued)****C TTPP Actual Quarterly Costs**

OBF will do the following to determine TTPP actual quarterly costs:

- divide the “TTPP Actual Annual Costs” into 4 equal parts. TTAP will capture these as “XXXX 1<sup>st</sup> Quarter Actual Costs”, “XXXX 2<sup>nd</sup> Quarter Actual Costs”, “XXXX 3<sup>rd</sup> Quarter Actual Costs”, and “XXXX 4<sup>th</sup> Quarter Actual Costs” (XXXX is the year)
- capture other quarterly costs as “XXXX 1<sup>st</sup> Quarter Other Costs”, “XXXX 2<sup>nd</sup> Quarter Other Costs”, “XXXX 3<sup>rd</sup> Quarter Other Costs”, and “XXXX 4<sup>th</sup> Quarter Other Costs” (XXXX is the year).

**D TTPP Actual Quarterly Costs, Interest, and Other Costs**

OBF will add the Quarterly Actual Costs, Quarterly Actual Interest, and Quarterly Actual Other Costs for the corresponding quarters resulting in the “XXXX 1<sup>st</sup> Quarter Actual National Quarterly Assessment,” “XXXX 2<sup>nd</sup> Quarter Actual National Quarterly Assessment,” “XXXX 3<sup>rd</sup> Quarter National Quarterly Assessment,” and “XXXX 4<sup>th</sup> Quarter Actual National Quarterly Assessment” (XXXX is the year).

**E Dividing the Estimated National Quarterly Assessment Amounts Between the 6 Classes of Tobacco**

EPAS will allocate the actual national quarterly assessment between the 6 classes of tobacco using the following calculations:

- XXXX actual national quarterly assessment by class (XXXX is the year) by multiplying the actual national quarterly assessment by the percentage entered for each tobacco class, resulting in the national quarterly class assessments for chewing tobacco, cigarettes, cigars, pipe tobacco, roll-your-own tobacco, and snuff
- XXXX actual national quarterly costs by class (XXXX is the year) by multiplying the TTPP actual national quarterly costs by the percentage entered for each tobacco class, resulting in the national quarterly class assessments for chewing tobacco, cigarettes, cigars, pipe tobacco, roll-your-own tobacco, and snuff
- XXXX actual national quarterly interest by class (XXXX is the year) by multiplying the actual national quarterly interest due by the percentage entered for each tobacco class, resulting in the national quarterly class assessments for chewing tobacco, cigarettes, cigars, pipe tobacco, roll-your-own tobacco, and snuff.

**73 Calculating Revised Assessments**

**A Calculating Revised Individual Customer's Percentage Share and Assessments**

EPAS shall calculate actual quarterly assessments for manufacturers and importers using the same calculations provided in paragraph 43.

**B Calculating Assessments for Non-Reporting Companies**

EPAS shall calculate actual quarterly assessments for any customer that failed to report for any period during the year. The assessments will be calculated using volume removed and excise taxes paid provided by TTB and Customs.

**74 Revised CCC-977's and CCC-979's****A Revised Quarterly CCC-977's**

EPAS shall:

- after individual customer's market shares and assessments have been calculated, send copies of all assessment calculations to OBF for further processing
- EPAS shall create quarterly CCC-977's using the same procedure described in paragraph 51.

**B Quarterly CCC-977's for Non-Reporting Companies**

EPAS shall:

- after each individual customer's market shares and the assessments for non-reporting companies have been calculated, send copies of all assessment calculations to OBF for further processing
- create quarterly CCC-977's for assessments issued to non-reporting companies using the same method as in Part 4; these CCC-977's will be mailed with penalties according to paragraph 53.

**C Revised CCC-979's**

OBF shall generate a revised CCC-979 for **each** customer who reported removals during the year of the revisions, and/or has an active account balance on NRRS, using the same method as in paragraph 52.

**D CCC-979's for Non-Reporting Companies**

OBF shall generate a revised CCC-979 for each non-reporting company. These CCC-979's will be mailed with penalties as described in paragraph 52.

**75-80 (Reserved)**

## Part 8 Penalties, Appeals, and Reviews

### 81 Failure to Report

#### A Entities With Removals

CCC shall levy a penalty on any entity that had removals and did either of the following:

- **not** timely report to CCC
- provided false information.

#### B Calculating Penalties

The penalty calculation is 2 percent of the value of tobacco product manufactured or imported by that specific customer in the FY in which the violation occurred. Penalties are estimates of the actual value of each customer's manufacturings and imports. CCC will only be able to calculate the actual penalty if and when the customers fully report. EPAS shall use the following formulas to calculate penalties.

|  |
|--|
| <p><b>Total Annual Volume Removed By Customer</b></p> <p>(That is either the volume that the customer reported late, or if the customer never reported, the volume reported to CCC by either TTB or Customs.)</p> <p style="text-align: center;">times</p> |
| <p><b>Retail Price of the Class of Tobacco Product</b></p> <p>(On advice of OGC, and for the sake of transparency, the prices for each class of tobacco should be found on retail Internet web sites.)</p> <p style="text-align: center;">times</p>        |
| <p><b>0.02</b></p>   |

#### C Notification of Assessment and Penalty

EPAS shall create a PDF CCC-977 for each assessment and penalty and send to OBF for interest calculations, CCC-979 creation, and mailing.

**82 Reductions of Penalties****A Requests for Relief**

Domestic manufacturers or importers of tobacco products who requests relief from, or reduction of, an assessed penalty **must** submit a written request for relief or reduction of penalty that provides the full justification and documentation to support the request.

The request shall be submitted to the following address within 30 workdays from the date they receive CCC's notification of the penalty:

DIRECTOR, FIBER, PEANUTS, AND TOBACCO ANALYSIS GROUP  
USDA FARM SERVICE AGENCY  
ECONOMIC AND POLICY ANALYSIS STAFF  
1400 INDEPENDENCE AVE SW RM 3720-S  
STOP 0515  
WASHINGTON DC 20250-0515.

**B Authority for Granting Relief**

The Fiber and Peanuts Group Director shall have the final authority over penalty relief.



**83     Appealing Assessment Amounts****A     Manufacturer or Importer Requests for Review**

A manufacturer or importer may appeal the amount of any assessment, by submitting a written statement that provides the basis of the appeal. The statement **must** be submitted within 30 workdays from the date the assessment notification was received. Written statements shall be submitted to the following address:

USDA FARM SERVICE AGENCY  
ECONOMIC AND POLICY ANALYSIS STAFF  
1400 INDEPENDENCE AVE SW RM 3720-S  
STOP 0515  
WASHINGTON DC 20250-0515.



**B     Reviewing Appeals**

EPAS will review all appeals for calculation errors. If an error in an assessment has been made, a corrected assessment will be calculated and revised CCC-977's and CCC-979's will be sent according to paragraph 44.

If EPAS determines that **no** error has occurred, EPAS will send the appellant a letter notifying the appellant that **no** error has occurred and informing the appellant of the right to a review of the appeal by ALG. A copy of the rules of conduct (subparagraph C) for the proceeding will also be provided to the appellant.

83      **Appealing Assessment Amounts (Continued)****C Rules of Conduct**

The following rules of conduct shall be followed for all appeals.

|   |   |  |
|---|---|--|
| <b>United States<br/>Department of<br/>Agriculture</b>    |    | <b>Tobacco Transition Assessment Hearing Rules of Conduct</b><br><b>June 29, 2005</b>  |
| <b>Farm and<br/>Foreign<br/>Agricultural<br/>Services</b> | <b>a) General rules applicable to appeals.</b>  | <p>(1) An entity may timely appeal any adverse decision with respect to the amount of an assessment levied under 7 CFR Part 1463, by submitting a written statement that sets forth the basis of the dispute to the Executive Vice President, Commodity Credit Corporation (CCC), at 1400 Independence Avenue, SW., Room 4080-S, Washington DC 20250-0514. An appeal is considered timely when personally delivered in writing to the above address or when a properly addressed request is postmarked within 30 business days of the date of receipt of the notification by CCC of its determination.</p>       |
| <b>Commodity<br/>Credit<br/>Corporation</b>               | <p>(2) The Executive Vice President of CCC shall designate a person to act as the Hearing Officer on behalf of CCC. The duty of the Hearing Officer will be to develop an administrative record and provide a recommendation to the Executive Vice President or to a designee of the Executive Vice President. The Executive Vice President or such designee will render a final administrative determination on the matter in dispute. The Hearing Officer will conduct an informal hearing at which the appellant may present oral and written evidence in support of the appellant's position.</p> | <p>(3) If the appellant requests a hearing, CCC will provide a copy of the case record to the Appellant prior to the hearing.</p>  |
| <b>P.O. Box 2415<br/>Washington,<br/>D.C.<br/>20250</b>   |   | <p>(4) Appellant must provide: (A) A short statement of why the decision is wrong; (B) A copy of any document not in the CCC record that the appellant will introduce at the hearing; and (C) A list of witnesses and brief descriptions of the evidence such witnesses will offer. The Appellant must provide this information no later than 14 calendar days before the hearing date.</p>  |
|   |   | <p>(5) The Hearing Officer shall establish a hearing date within 30 calendar days of receiving the information required by the appellant in (4). The Hearing Officer must provide the appellant a notice of hearing specifying the date, time, and place of the hearing. Appellant will have the option of participating in the hearing via telephone or in person. The hearing will be conducted in Washington, DC.</p>   |
|   |   | <b>(b) Conduct of the hearing.</b>   |
|   |   | <p>(1) The hearing will be conducted by the Hearing Officer in the manner determined by the Hearing Officer most likely to obtain the facts relevant to the matter or matters at issue. The Hearing Officer will allow the presentation of evidence at the hearing by any party without regard to whether the evidence was known to the officer or employee of the CCC at the time the adverse decision was made. The Hearing Officer may confine the presentation of facts and evidence to pertinent matters and exclude irrelevant, immaterial, or unduly repetitious evidence, information, or questions.</p> |

83      **Appealing Assessment Amounts (Continued)****C Rules of Conduct (Continued)**

- (2) Any party shall have the opportunity to present oral and documentary evidence, oral testimony of witnesses, and arguments in support of the party's position; to controvert evidence relied on by any other party; and question all witnesses. CCC witnesses requested by the appellant will be made available at the hearing when the Hearing Officer determines it appropriate and necessary in the interest of fairness. Evidence may be received by the Hearing Officer without regard to whether that evidence could be admitted in judicial proceedings.

**(c) Absence of appellant.**

- (1) If at the time scheduled for the hearing the appellant is absent, the Hearing Officer may cancel the hearing and:
- (i) Treat the appeal as a record review and issue a determination based on the CCC record as submitted, and the hearing record developed prior to the hearing date; or
  - (ii) Dismiss the appeal.
- (2) When a hearing is cancelled due to the absence of the appellant, the Hearing Officer will add to the hearing record any additional relevant evidence submitted by any party present.
- (3) Where an absent party has demonstrated good cause for the failure to appear, the Hearing Officer may reschedule the hearing unless all parties agree to proceed without a hearing.

**(d) Post-hearing procedure.**

The Hearing Officer may leave the hearing record open after the hearing for such additional period of time as the Hearing Officer may establish, to allow the submission of post hearing briefs or additional evidence, to the extent necessary to respond to new facts, information, arguments, or evidence presented or raised at the hearing. Any such new information must be sent by the party submitting the material to all other parties involved in the appeal and such information will be a part of the hearing record. The Hearing Officer will permit responses, in the manner determined appropriate by the Hearing Office, to the post-hearing submissions.

**(e) Burden of proof.**

The appellant has the burden of proving by a preponderance of evidence that the adverse decision of the CCC was factually incorrect, contrary to statute, or contrary to regulations.

**(f) Timing of issuance of determination.**

CCC will issue a notice of the determination on the appeal to the named appellant not later than 30 calendar days after a hearing or the closing date of the hearing record in cases in which the Hearing Officer receives additional evidence from the CCC or appellant after a hearing. In the event CCC has not rendered a decision by such date, all administrative remedies available to the appellant shall be deemed to be exhausted.

USDA is an Equal Opportunity Provider and Employer.

**83     Appealing Assessment Amounts (Continued)****D   ALG Appeal Process**

ALG will assign a hearing officer who will:

- develop an administrative record that will provide the Administrator, or a designee, with sufficient information to render a final determination on the matter being appealed
- conduct the informal hearing at which time the appellant may present oral and written evidence in support of the appellant's position.

EPAS will:

- compile all documents pertinent to the appeal to be included in the administrative record
- represent CCC at the informal hearing.

Within 30 calendar days of receiving the final submission of material by the appellant, CCC will render a final administrative decision. If CCC has **not** rendered a decision within 30 calendar days of receiving the final submission of material by the appellant, all administrative remedies available to the appellant shall be deemed to be exhausted.

Any domestic manufacturer or importer of tobacco products aggrieved by a determination made by CCC under this paragraph may seek review of the determination, after exhausting the administrative remedies provided by this paragraph, in the U.S. District Court for the District of Columbia or the district in which such importer or manufacturer has its principal place of business.

**84 Compliance Reviews****A Coordinating With State Tobacco Offices**

Each year EPAS shall use the schedule in subparagraph C to check publicly available information released by State revenue or regulatory agencies with which tobacco manufacturers and importers are required to register, for **each** State and the District of Columbia, against a list of TTB reporting entities to identify nonreporting entities subject to TTAP assessment and reporting requirements. For any State where no information is publicly available, EPAS shall contact that State by phone, e-mail, or mail.

EPAS shall refer to the Excel spreadsheet titled, “State Tobacco Directory” for the list of contacts and the type of publicly available information released by State revenue or regulatory agencies, that was provided under separate cover. The State Tobacco Directory spreadsheet contains a list, for each State, of publicly available information on tobacco companies approved to sell tobacco products in the State, the State agency in charge of regulating tobacco, and contact names and addresses. EPAS shall keep the State Tobacco Directory spreadsheet updated with any changes in available information or contacts.

EPAS shall retain a copy of the information obtained for each State and keep a log of the dates the information was accessed.

EPAS shall communicate any identified nonreporting entity information to TTB.

**B Coordination with TTB**

EPAS shall, on a quarterly basis, inquire after and obtain a list of entities reporting to TTB to check against a list of reporting entities.

## 84 Compliance Reviews (Continued)

**C EPAS Review Schedule**

EPAS shall check publicly available information released by State revenue or regulatory agencies with which tobacco manufacturers and importers are required to register, for **each** State and the District of Columbia, against a list of TTB reporting entities to identify nonreporting entities subject to TTAP assessment and reporting requirements according to the following schedule.

| <b>Coordination With State Tobacco Offices<br/>EPAS Review Schedule</b> |                         |  |
|---|-------------------------|--|
| <b>Review Date</b>  | <b>Number of States</b> | <b>States To Be Reviewed</b>   |
| January through April   | 15                      | Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana.   |
| May through July  | 21                      | Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio. |
| October through December  | 15                      | Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Washington, West Virginia, Wisconsin, Wyoming.  |
| Total   | 51                      |  |

## Reports, Forms, Abbreviations, and Redelegations of Authority

### Reports

None.

### Forms

This table lists all forms referenced in this handbook.

| Number                     | Title   | Display Reference | Reference                    |
|----------------------------|---|-------------------|------------------------------|
| B 10                       | Proof of Claim  |                   | 63                           |
| CBP Form 7501              | Entry Summary   | 31                | 32                           |
| CCC-955                    | Tobacco Transition Payment Quota Holder Contract  |                   | 72                           |
| CCC-956                    | Tobacco Transition Payment Producer Contract  |                   | 72                           |
| CCC-974                    | Report of Tobacco Product Removals Subject to Tax For the Tobacco Transition Assessment Program | 23                | 31, 32                       |
| CCC-977                    | Tobacco Transition Assessment Program (TTAP) Quarterly Assessment Invoice                       | 51                | 2, 4, 44, 61, 62, 74, 81, 83 |
| CCC-977-1                  | Tobacco Transition Assessment Program (TTAP) Payment and Debt Information Quarterly Assessment  | 53                |                              |
| CCC-977-2                  | Tobacco Transition Assessment Program (TTAP) Dispute Information Quarterly Assessment           | 53                |                              |
| CCC-979                    | Tobacco Transition Assessment Program (TTAP) Statement of Transaction                           | 52                | 2, 53, 74, 83                |
| SF-135                     | Records Transmittal and Receipt   | 5                 |                              |
| TTB Form 5000.24 <u>1/</u> | Excise Tax Return   | 31                | 32                           |
| TTB Form 5210.5 <u>1/</u>  | Report - Manufacturer of Tobacco Products or Cigarette Papers and Tubes                         | 31                | 32                           |
| TTB Form 5220.6 <u>1/</u>  | Monthly Report - Tobacco Products Importer  | 31                | 32                           |

1/ TTB forms can be accessed at [www.ttb.gov/forms/index.shtml](http://www.ttb.gov/forms/index.shtml).

# Reports, Forms, Abbreviations, and Delegations of Authority (Continued)

## Abbreviations Not Listed in 1-CM

The following abbreviations are **not** listed in 1-CM.

| Approved Abbreviation | Term   | Reference         |
|-----------------------|--|-------------------|
| ALG                   | FSA, Appeals and Litigation Group                              | 2, 83             |
| CBP                   | Customs and Border Protection                                  | 31, 32            |
| Customs               | Department of Homeland Security. Customs and Border Patrol     | 2, 31, 32, 73, 81 |
| EPAS                  | FSA, Economic and Policy Analysis Staff                        | Text              |
| FETRA                 | American Jobs Creation Act of 2004, Title VI (Pub. L. 108-357) | 1, 51, Ex. 2      |
| FGRRS                 | Forms, Graphics, Records, and Reports Section                  | 5                 |
| IMB                   | Information Management Branch                                  | 5                 |
| NRRS                  | National Receipts and Receivables System                       | 52, 71, 74        |
| TTAP                  | Tobacco Transition Assessment Program                          | Text              |
| TTB                   | Department of the Treasury, Tobacco Tax and Trade Bureau       | Text, Ex. 2       |

## Delegations of Authority

None.



**Definitions of Terms Used in This Handbook****Archive**

Archive means annually compiling CCC reporting records for each manufacturer and importer for secure storage at FRC.

**Assessment**

Assessment means quarterly amount due to CCC by each manufacturer and importer that sold tobacco products in domestic commerce in the U.S. during the previous quarter.

**Class of Tobacco**

Class of tobacco means each of the following types of tobacco and tobacco products for which taxes are required to be paid for the removal of such into domestic commerce:

- chewing tobacco
- cigarettes
- cigars
- pipe tobacco
- roll-your-own tobacco
- snuff.

**Customer or Permit Holder**

Customer or permit holder means any entity licensed by TTB to manufacture or import tobacco products in the U.S.

**FY**

FY means the 12-month period from October 1 through September 30.

**Importer**

Importer means an entity that is required to obtain a permit from TTB for importing tobacco products under 27 CFR Part 41.

**Definitions of Terms Used in This Handbook (Continued)****Manufacturer**

Manufacturer means an entity that is required to obtain a permit from TTB for manufacturing tobacco products under 27 CFR Part 40.

**Market Share**

Market share means the share of each domestic manufacturer and importer of a class of tobacco product, where such market share is zero when expressed as a decimal truncated at the sixth place, of the total volume of domestic sales of the class of tobacco product in the base period. Such sales shall be determined by CCC by using the total volume of such class of tobacco product that is removed into domestic commerce in the base period.

**National Assessment**

National assessment means the total amount of funding that CCC has determined to be necessary to collect in a year from domestic manufacturers and importers of tobacco products to reimburse CCC for expenditures that CCC will incur in the year for expenses incurred under FETRA, as follows:

- Sections 622 and 623, for costs incurred by CCC in using financial institutions in administering FETRA
- Sections 622 and 623, for making payments
- Section 641(c), for losses sustained by CCC in disposing of tobacco acquired under price support loan agreements as provided in FETRA.

**Permit Holder or Customer**

Permit holder or customer means any entity licensed by TTB to manufacture or import tobacco products in the U.S.

**Removal**

Removal means transferring tobacco products from the bonded factory or warehouse, or release from Customs custody.

**Tobacco Trust Fund**

Tobacco Trust Fund means an account established for depositing assessments collected, plus interest that accrues on deposited assessments.

## Pay.Gov Instructions

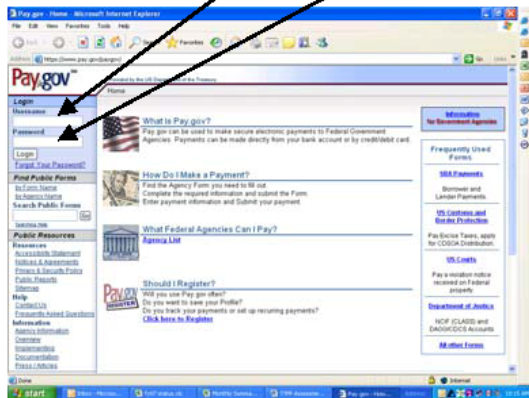
### A Reporting Instructions

#### A. PAY.GOV Web Address:

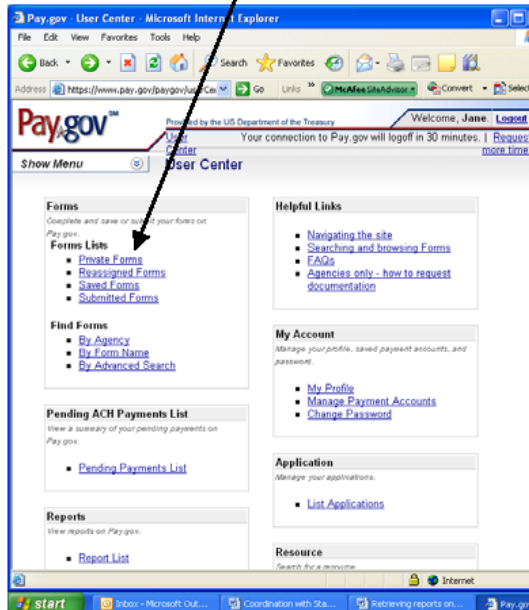
The web address for filing reports online is: <https://www.pay.gov>

#### B. Logging in:

Enter your Username and Password



#### C. Click on Private Forms



#### D. Click on Summary Report for TTPP Assessment

#### E. Fill out report and click on Save.

## Pay.Gov Instructions (Continued)

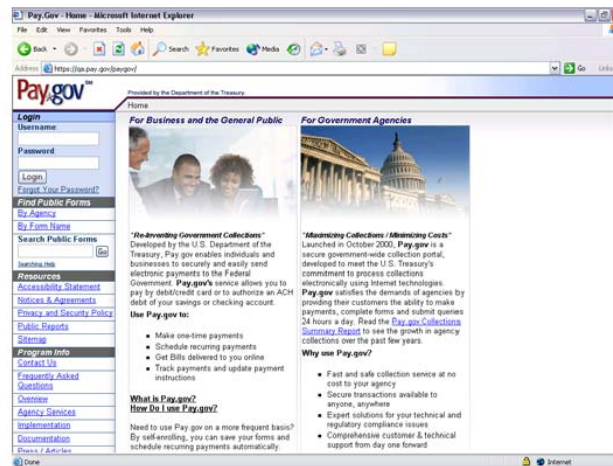
### B Payment Processing Instructions

The following provide instructions for processing payments using **www.pay.gov**.

#### Payment Process Using PAY.GOV

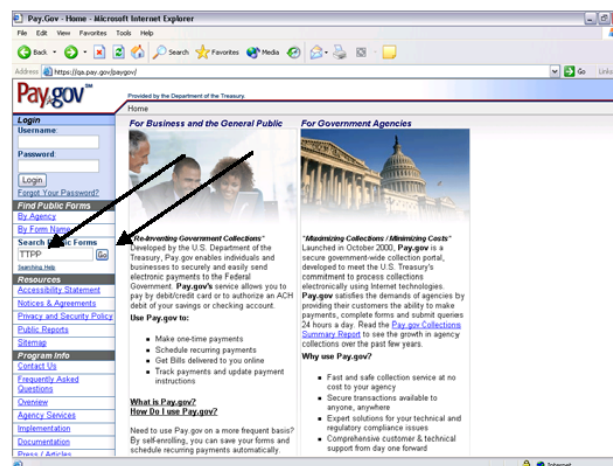
##### A. PAY.GOV Web Address:

The web address for paying the Tobacco Assessment online is: <https://www.pay.gov>  
This is a secure web site.



##### B. Locating the Form:

To locate the Tobacco Transition Assessment Form type **“TTPP”** (without the quotes) in the “Search Public Forms” box under the “Find Public Forms” section on the left panel. Then click on the “Go” button.

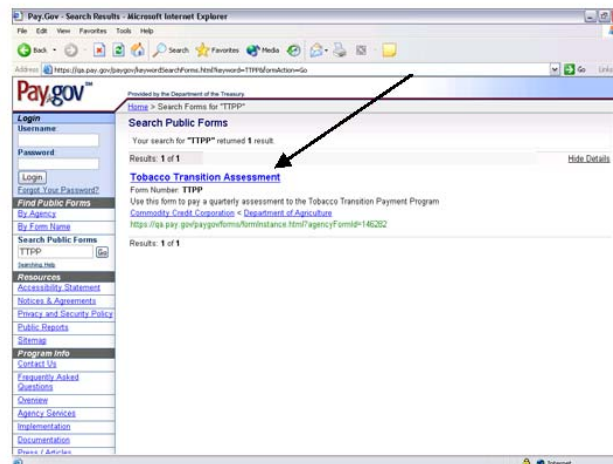


## Pay.Gov Instructions (Continued)

### B Payment Processing Instructions (Continued)

#### Payment Process Using PAY.GOV (continued)

- C. **Access to Tobacco Transition Assessment Form:**  
Click the “Tobacco Transition Assessment” link to get to the form.



- D. **The Tobacco Transition Assessment Form:**  
This will bring up the Tobacco Transition Payment Program Assessment Form.

A screenshot of the Tobacco Transition Assessment form, titled 'United States Department of Agriculture Tobacco Transition Assessment'. The form is divided into several sections: 'Business Information' (Business Name, Employer Identification Number, Business Address, City, State, Zip Code), 'Assessment Information' (Notification Number, Product Type (choose one) with radio buttons for Cigarettes, Roll-Your-Own, Pipe, Chewing Tobacco, and Snuff), 'Payment Amount', and 'Contact Information' (First Name, Last Name, Telephone Number, Extension, E-Mail Address). The form is displayed in a web browser window with the address bar showing the URL: https://psa.pay.gov/psa/psaFormInstance.html?formId=146282&agencyId=1339.

Pay.Gov Instructions (Continued)

B Payment Processing Instructions (Continued)

Payment Process Using PAY.GOV (continued)

E. **Required Fields:**

All Fields are required with the exception of the following:

- The second address line in the Business Address area
- The extension field in the Point of Contact area

The following area is optional:

- Person Authorizing Payment

After all the required fields have been entered on the form, click on the “Submit” button:

The screenshot shows a web browser window titled "Pay.Gov - Form Instance - Microsoft Internet Explorer". The address bar shows a URL starting with "https://pay.gov/gov/bengal/Forms/FormInstance.html?formId=146263&agentId=1309". The form itself is divided into several sections: "Business Address" with fields for address lines, city, state, and zip code; "Product Type (choose one)" with radio buttons for Cigarettes, Full-Your-Own, Cigar, Chewing Tobacco, Snuff, and Pipe Tobacco; "Contact Information" with fields for first and last names, telephone number, extension, and e-mail address; and "Person Authorizing Payment (if different from Point of Contact)" with similar fields. At the bottom of the form is a "Submit Data" button, which is highlighted by a black arrow.

Pay.Gov Instructions (Continued)

B Payment Processing Instructions (Continued)

Payment Process Using PAY.GOV (continued)

F. Financial Entry Information ACH Debits:

The following screen will appear asking for financial information. ACH Debits information is on the top of the screen and scroll down for Plastic Card information.

Assessments \$10,000 and over, will automatically be an ACH Debit.

**Note: ACH Debits are limited to \$100 million and multiple ACH Debits are acceptable.**

Enter all required fields, then click on the "Continue with ACH Payment" button to complete the transaction.

A screenshot of the Pay.gov Online Payment interface in a Microsoft Internet Explorer browser window. The page title is "Pay.gov - Online Payment - Microsoft Internet Explorer". The address bar shows "https://pay.gov/online/FundBalance.html". The page header includes the Pay.gov logo and "Powered by the Department of the Treasury". The main heading is "Online Payment". Below this, it says "The system has populated the Payment Date with the next available payment date." and "Step 1: Enter Payment Information". A sub-heading reads "Option 1: Pay Via Bank Account (ACH) About ACH Debit". A note states "Required fields are indicated with a red asterisk \*". The form contains several input fields: "Account Holder Name:" (with a red asterisk), "Payment Amount: \$100.00", "Account Type:" (a dropdown menu with a red asterisk), "Routing Number:" (with a red asterisk), "Account Number:" (with a red asterisk), "Confirm Account Number:" (with a red asterisk), and "Check Number:" (with a red asterisk). Below these fields, there are three boxes for "Routing Number", "Account Number", and "Check Number", each with a red asterisk. The "Routing Number" box contains the number "26 94 6 76 30", the "Account Number" box contains "19 24 5 76 73 90", and the "Check Number" box contains "1 2 3 4". Below these boxes, there are fields for "Payment Date: 09/27/2006" and "Invoice Number: CH95.00000000". At the bottom of the form, there is a note: "Select the 'Continue with ACH Payment' button to continue to the next step in the ACH Debit Payment Process." and three buttons: "Continue with ACH Payment", "Cancel", and "Return To Your Firm". A black arrow points to the "Continue with ACH Payment" button. At the very bottom of the browser window, a status bar says "Note: Please avoid navigating the site using your browser's Back Button - this may lead to incomplete data being transmitted and pages being loaded incorrectly."

Entries for ACH Debits (Top of Screen)

## Pay.Gov Instructions (Continued)

### B Payment Processing Instructions (Continued)

#### Payment Process Using PAY.GOV (continued)

##### G. Financial Entry Information Plastic Card:

For assessments between \$1.00 and \$9,999.99 ACH Debit or Plastic Card maybe used to pay the Tobacco Assessment. Scroll up for ACH Debit entries.

**Note: Plastic Card transactions are limited to \$9,999.99.**

Enter all required fields, then click on the “Continue with Plastic Card Payment” button to complete the transaction.

The screenshot shows the 'Pay.Gov - Online Payment' form in a Microsoft Internet Explorer browser window. The form is titled 'Option 2: Pay Via Plastic Card (PC) (pc: VISA, Mastercard, American Express, Diners Club, Discover)'. It includes fields for 'Account Holder Name', 'Payment Amount' (set to \$100.00), 'Billing Address', 'City', 'State / Province', 'Zip / Postal Code', 'Country' (set to United States), 'Card Type' (with icons for VISA, MasterCard, American Express, and Discover), 'Card Number', 'Security Code', 'Expiration Date', and 'Invoice Number'. A red asterisk indicates required fields. At the bottom, there are three buttons: 'Continue with Plastic Card Payment', 'Cancel', and 'Return To Your Form'. A black arrow points to the 'Continue with Plastic Card Payment' button. Below the buttons, there is a note: 'Note: Please avoid navigating the site using your browser's Back Button - this may lead to incomplete data being transmitted and pages being loaded incorrectly. Please use the links provided whenever possible.' At the very bottom, there is small text: 'All information provided on this website copyright © 2005. United States Department of the Treasury, Financial Management Service, 401 14th Street SW, Washington, DC 20527. Email: govson@fms.treasury.gov. Contact Us / Frequently Asked Questions / Policies & Agreements / Accessibility Policy / Privacy and Security Policy'.

#### Entries for Plastic Cards (Bottom of Screen)



## Pay.Gov Report Retrieval Instructions

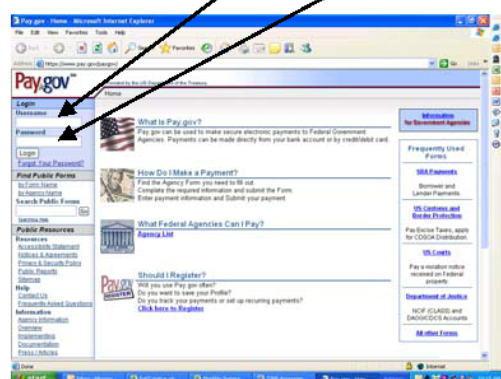
The following provide instructions for retrieving reports using **www.pay.gov**.

### A. PAY.GOV Web Address:

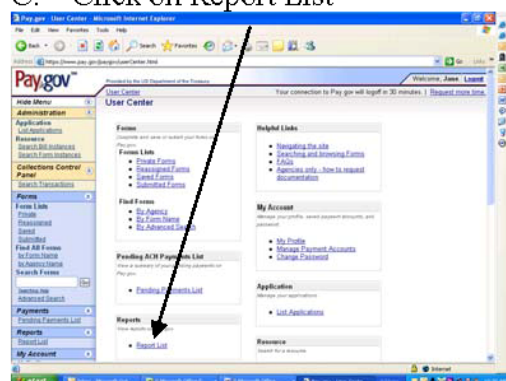
The web address for retrieving reports file online is: <https://www.pay.gov>

### B. Logging in:

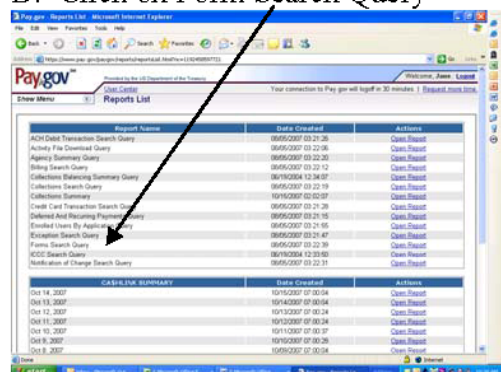
Enter your Username and Password



### C. Click on Report List



### D. Click on Form Search Query



## Pay.Gov Report Retrieval Instructions (Continued)

E. Fill out the dates for which you want reports and sort the reports by date submitted

The screenshot shows the 'Forms Search Query' page in a Microsoft Internet Explorer browser. The page has a left sidebar with search criteria: 'Pay.gov Tracking ID', 'Agency Tracking ID', 'Form Status', 'Collection Status', 'User's Last Name', 'User's First Name', 'Agency Form Control Number', and 'Date/Time (ET) from dd/yyyy'. The main area contains search filters: 'Match Case' (checked), 'Show forms that recently match the selected status' (radio button), 'Show forms that at any time matched the selected status' (radio button), and a date range selector set to 'Any Time' from '10/01/2007' to 'Any Time'. Below this is a 'Summary Report for TSPF Assessment' and 'All Applications' section. At the bottom, there is a 'Sort by' dropdown menu set to 'Date/Time' and a 'Submit' button. Two arrows from the instruction above point to the 'Any Time' date range and the 'Date/Time' sort option.

F. Hit the submit key.

This screenshot is identical to the one above, showing the 'Forms Search Query' page. An arrow from the instruction above points directly to the 'Submit' button at the bottom left of the page.