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## DEPARTMENT OF THE TREASURY

### Alcohol and Tobacco Tax and Trade Bureau

#### 27 CFR Part 46

**[Docket No. TTB-2025-0005; T.D. TTB-203]**

**RIN 1513-AD25**

#### **Tobacco Product Floor Stocks Tax; Removal of Obsolete Regulations**

**AGENCY:** Alcohol and Tobacco Tax and Trade Bureau, Treasury.

**ACTION:** Direct final rule; Treasury decision.

**SUMMARY:** In this final rule, the Alcohol and Tobacco Tax and Trade Bureau (TTB) is removing regulations related to the 2009 tobacco product floor stocks tax. These regulations are no longer necessary because they implement a tax that applied only to specified articles held for sale on April 1, 2009, and was required to be paid on or before August 1, 2009. This deregulatory action removes 42 regulatory sections from TTB regulations.

**DATES:** This rule is effective [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER] without further action, unless significant adverse comment is received by [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]. If we receive significant adverse comment, we will publish a timely withdrawal notice in the **Federal Register** informing the public that this rule will not take effect.

**ADDRESSES:** You may electronically submit comments to TTB objecting to this final rule, view copies of this document, its supporting materials, and any comments TTB receives on it, within Docket No. TTB-2025-0005 as posted at <https://www.regulations.gov>. A direct link to that docket is available on the TTB

website at <https://www.ttb.gov/laws-regulations-and-public-guidance/laws-and-regulations/all-rulemaking>. Alternatively, you may submit comments via postal mail to the Director, Regulations and Rulings Division, Alcohol and Tobacco Tax and Trade Bureau, 1310 G Street, NW, Box 12, Washington, DC 20005.

Your comment must reference T.D. TTB-203 and must be submitted or postmarked by the closing date shown in the **DATES** section of this document. In general, TTB will post comments as submitted, and it will not redact any identifying or contact information from the body of a comment or attachment. Do not enclose any material in your comments that you consider confidential or that is inappropriate for disclosure.

**FOR FURTHER INFORMATION CONTACT:** Michael Hoover, Alcohol and Tobacco Tax and Trade Bureau, Regulations and Rulings Division; telephone 202-453-1039, ext. 135, or by email using the contact form available at <https://www.ttb.gov/contact-rrd>.

**SUPPLEMENTARY INFORMATION:**

**Background**

The Alcohol and Tobacco Tax and Trade Bureau (TTB) administers provisions of the Internal Revenue Code of 1986, as amended, (IRC, 26 U.S.C. chapter 52) related to Federal excise tax on tobacco products and cigarette papers and tubes. TTB administers these provisions pursuant to section 1111(d) of the Homeland Security Act of 2002, as codified at 6 U.S.C. 531(d). In addition, the Secretary of the Treasury (the Secretary) has delegated certain IRC administrative and enforcement authorities to TTB through Treasury Department Order 120-01.

Section 701 of the Children's Health Insurance Program Reauthorization Act of 2009 (the Act), Public Law 111-3, enacted on February 4, 2009, increased

the rate of Federal excise tax on tobacco products and cigarette papers and tubes removed from the factory, internal revenue bond, or Customs custody on or after April 1, 2009. Section 701(h) of the Act also imposed a floor stocks tax on certain taxpaid or tax determined tobacco products (all tobacco products subject to Federal excise tax except large cigars) and on cigarette papers and tubes held for sale on April 1, 2009. The floor stocks tax rate was equal to the difference between the previous excise tax rate and the new excise tax rate. The Act authorized the Secretary to issue regulations regarding payment of the floor stocks tax, which was due on or before August 1, 2009. Persons subject to the floor stocks tax included manufacturers, importers, and wholesale and retail dealers of the specified products.

TTB published a temporary rule on March 31, 2009, to implement section 701 of the Act through regulations related to the tobacco excise tax increase and the floor stocks tax (see T.D. TTB-75 at 74 FR 14479). The 2009 floor stocks tax regulations were codified in subpart I of 27 CFR Part 46, Miscellaneous Regulations Relating to Tobacco Products and Cigarette Papers and Tubes. TTB finalized the temporary regulations on July 10, 2010 (see T.D. TTB-85 at 75 FR 42605).

### **Removal of Obsolete Floor Stocks Tax Regulations**

In support of the Administration's deregulatory objective, this direct final rule removes all 42 regulatory sections in subpart I of 27 CFR part 46 related to the 2009 tobacco product floor stocks tax as those regulations no longer provide useful guidance. Pursuant to section 701(h)(3)(C) of the Act, the floor stocks taxes were due to TTB by August 1, 2009. Accordingly, there is no need to retain these regulations; in the unanticipated event that any issues were to arise from compliance with the floor stocks tax at that time, any action would be taken

under the provisions of the law and regulations in effect at the time. Removing these regulations from the Code of Federal Regulations (CFR) will streamline the TTB regulations in part 46 and increase their clarity.

In addition, TTB is removing the heading “Subpart H [Reserved]” from part 46 as the reservation of that subpart, which contains no regulatory sections, is no longer needed due to the removal of subpart I.

## **Regulatory Analysis and Notices**

### *E.O. 12866*

This direct final rule is not a significant regulatory action under Executive Order 12866, as amended. Therefore, a regulatory assessment is not required.

### *Regulatory Flexibility Act*

The Regulatory Flexibility Act (RFA), Public Law 96–354, codified in 5 U.S.C. 601 *et seq.* applies only to rules for which an agency publishes a general notice of proposed rulemaking (NPRM) pursuant to 5 U.S.C. 553(b). This rule is being published as a direct to final rule; it was not preceded by an NPRM. Therefore, the RFA does not apply to it. However, pursuant to 28 U.S.C. 7805(f), TTB has submitted this final rule to the Chief Counsel for Advocacy of the Small Business Administration for comment on the impact of the regulations on small businesses.

### *Paperwork Reduction Act*

As announced in the floor stocks tax temporary rule (74 FR 14479, 14481), the collection of information related to the 2009 floor stocks tax, which required submission of a tax return and the keeping of certain records, was previously reviewed and approved in March 2009 by the Office of Management and Budget (OMB) in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3507) and assigned control number 1513–0129. As explained above, the

regulations in 27 CFR part 46, subpart I, are no longer necessary. As such, their removal will have no effect on the burden or requirements of any current TTB information collection.

### **List of Subjects in 27 CFR Part 46**

Administrative practice and procedure, Cigars and cigarettes, Claims, Excise taxes, Packaging and containers, Penalties, Reporting and recordkeeping requirements, Seizures and forfeitures, Surety bonds, Tobacco.

## **Amendment to the Regulations**

For the reasons discussed in the preamble, TTB is amending 27 CFR part 46 as follows:

### **PART 46—MISCELLANEOUS REGULATIONS RELATING TO TOBACCO PRODUCTS AND CIGARETTE PAPERS AND TUBES**

1. The authority citation for part 46 continues to read as follows:

**Authority:** [18 U.S.C. 2341-2346](#), [26 U.S.C. 5061](#), [5704](#), [5708](#), [5731](#), [5734](#), [5751](#), [5754](#), [5761-5763](#), [6001](#), [6109](#), [6601](#), [6621](#), [6622](#), [7212](#), [7342](#), [7602](#), [7606](#), [7805](#); [44 U.S.C. 3504\(h\)](#), [49 U.S.C. 782](#), unless otherwise noted.

#### **SUBPART H—[REMOVED]**

2. Under the authority of 26 U.S.C. 7805(a), remove subpart H.

#### **SUBPART I—[REMOVED]**

3. Under the authority of section 701, Pub. L. 111-3 and 26 U.S.C. 7805(a), remove subpart I.

Signed: September 24, 2025

**Mary G. Ryan,**

*Administrator.*

Approved: September 24, 2025

**Kenneth J. Kies,**

*Assistant Secretary for Tax Policy.*

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