



Announcement

May 12, 2014

Ongoing Enforcement in Connection with Cigarette-Making Machines

TTB is continuing to identify and actively investigate locations where cigarette-making machines (also referred to as “roll-your-own machines” or “RYO machines”) are being made available for consumer use. Among its other enforcement activities, TTB has recently sent letters to certain locations where such activities may be occurring in violation of Federal law. A copy of the letter is being made available [here](#), as it applies to any such operation, regardless of whether a letter has been received.

Under Federal law, any person who for commercial purposes makes available, for consumer use (including the consumer’s personal consumption or use), a machine capable of making tobacco products is a “manufacturer of tobacco products” under the Internal Revenue Code of 1986 (IRC). (See 26 U.S.C. 5702.) A person may not engage in the business as a manufacturer of tobacco products without a permit issued by TTB, and tax must be paid on the tobacco products manufactured. Subjects of TTB investigation and enforcement action have included retail locations and locations where the machines are made available to “members” of a “social club” or “non-profit.” TTB has found those operations to be in violation of the law and has assessed taxes and informed the locations that they must cease operations. To date, TTB has concluded that every operation reviewed is subject to excise tax liability and other IRC obligations, including those operations where machines were available to members of a “social club” or “non-profit.”

For more information related to such cigarette-making machine operations, see previous TTB statements:

[“Enforcement Efforts in Connection with Cigarette-Making Machines”](#) August 26, 2013

[“Cigarette-Making Machines and Other Tobacco Product Machines Made Available for Use by Consumers”](#), TTB G 2012-3, October 4, 2012