

## § 151.194

## Title 26—Internal Revenue

within which the person returning the narcotics is located. The transferee of narcotic drugs obtained from a registrant in Class VI shall keep a record of such drugs used and disposed of, in the manner described in § 151.186 (article 186) with additional data, in the case of pharmacological tests, accounting for quantities dispensed to humans and animals. A copy of the report, by the transferee to the registrant in Class VI, of the results of the tests made, if such report includes data from which a complete accounting for the narcotic drug used and disposed of can be ascertained, may be kept on file by the transferee as the special record herein required. All records required by this section and § 151.186 shall be kept by the respective persons, in such manner as to be readily accessible to inspection, for not less than two years from the date of the last transaction shown therein.

[T. D. 43, 14 F. R. 6290, Oct. 15, 1949]

## SUBPART I—ADMINISTRATIVE PROVISIONS

## MISCELLANEOUS

§ 151.194 *Procedure in case of loss.*

(a) Where, through breakage of the container or other accident, otherwise than in transit, narcotics are lost or destroyed, the person having title thereto shall make a signed statement as to the kinds and quantities of narcotics lost or destroyed and the circumstances involved, and immediately forward the statement to the narcotic district supervisor. A copy of such statement shall be retained and filed with the other narcotic records. See appendix for list of narcotic district supervisors, their headquarters and States embraced.

(b) Where narcotics are lost by theft, or otherwise lost or destroyed in transit, the consignee shall immediately upon ascertainment of the occurrence file with the narcotic district supervisor, a signed statement of the facts, including a list of the narcotics stolen, lost, or destroyed, and documentary evidence that the local authorities were notified. A copy of the statement shall be retained and filed with the other narcotic records of the consignee.

(c) A loss in transit does not authorize a vendor to duplicate a shipment on the same order form. A separate order form covering each and every shipment of narcotics is required.

[T. D. 44, 15 F. R. 8564, Dec. 5, 1950]

## Part 152—Regulations Under the Marihuana Tax Act of 1937

## Subpart B—Definitions

## Sec.

152.2 Meaning of terms. [Amended]

## Subpart C—Special Taxes

## REGISTRATION

152.3 Persons liable. [Amended]

152.4a Investigation of millers' applications. [Added]

## CLASSIFICATION

152.10 Rates of tax. [Amended]

152.16a Millers. [Added]

## SPECIAL TAX STAMPS

152.36 Issuance of stamps. [Amended]

## Subpart D—Transfer Taxes

## EXCEPTIONS

152.52 When order forms not required. [Amended]

152.68a Transfer of the plant *Cannabis sativa* L. [Added]

## Subpart E—Information Returns and Records

## RETURNS

152.74a Returns required of millers. [Added]

## RECORDS

152.77a Processing by millers. [Added]

SOURCE: §§ 152.2 to 152.77a, set forth in this Pocket Supplement, contained in Treasury Decision 40, 14 F. R. 180, Jan. 13, 1949; 14 F. R. 295, Jan. 20, 1949.

## SUBPART B—DEFINITIONS

§ 152.2 *Meaning of terms.* \* \* \*

(e) The term "miller" means any person who at a mill manufactures or produces from the plant *Cannabis sativa* L. any fiber or fiber products.

CONFIRMATION: In § 152.2 former paragraphs (e) to (h) were redesignated paragraphs (f) to (i), respectively, and a new paragraph (e) was added as set forth above.

## SUBPART C—SPECIAL TAXES

## REGISTRATION

§ 152.3 *Persons liable.*

CONFIRMATION: In the first sentence of § 152.3 the period at the end thereof was changed to a comma and the words "or who manufactures or produces any fiber or fiber products from the plant *Cannabis sativa* L." were added.

within which the person returning the narcotics is located. The transferee of narcotic drugs obtained from a registrant in Class VI shall keep a record of such drugs used and disposed of, in the manner described in § 151.186 (article 186) with additional data, in the case of pharmacological tests, accounting for quantities dispensed to humans and animals. A copy of the report, by the transferee to the registrant in Class VI, of the results of the tests made, if such report includes data from which a complete accounting for the narcotic drug used and disposed of can be ascertained, may be kept on file by the transferee as the special record herein required. All records required by this section and § 151.186 shall be kept by the respective persons, in such manner as to be readily accessible to inspection, for not less than two years from the date of the last transaction shown therein.

[T. D. 43, 14 F. R. 6290, Oct. 15, 1949]

#### SUBPART I—ADMINISTRATIVE PROVISIONS

##### MISCELLANEOUS

§ 151.194 *Procedure in case of loss.*  
(a) Where, through breakage of the container or other accident, otherwise than in transit, narcotics are lost or destroyed, the person having title thereto shall make a signed statement as to the kinds and quantities of narcotics lost or destroyed and the circumstances involved, and immediately forward the statement to the narcotic district supervisor. A copy of such statement shall be retained and filed with the other narcotic records. See appendix for list of narcotic district supervisors, their headquarters and States embraced.

(b) Where narcotics are lost by theft, or otherwise lost or destroyed in transit, the consignee shall immediately upon ascertainment of the occurrence file with the narcotic district supervisor, a signed statement of the facts, including a list of the narcotics stolen, lost, or destroyed, and documentary evidence that the local authorities were notified. A copy of the statement shall be retained and filed with the other narcotic records of the consignee.

(c) A loss in transit does not authorize a vendor to duplicate a shipment on the same order form. A separate order form covering each and every shipment of narcotics is required.

[T. D. 44, 15 F. R. 8564, Dec. 5, 1950]

## Part 152—Regulations Under the Marihuana Tax Act of 1937

### Subpart B—Definitions

#### Sec.

152.2 Meaning of terms. [Amended]

### Subpart C—Special Taxes

#### REGISTRATION

152.3 Persons liable. [Amended]

152.4a Investigation of millers' applications. [Added]

#### CLASSIFICATION

152.10 Rates of tax. [Amended]

152.16a Millers. [Added]

#### SPECIAL TAX STAMPS

152.38 Issuance of stamps. [Amended]

### Subpart D—Transfer Taxes

#### EXCEPTIONS

152.52 When order forms not required. [Amended]

152.68a Transfer of the plant *Cannabis sativa* L. [Added]

### Subpart E—Information Returns and Records

#### RETURNS

152.74a Returns required of millers. [Added]

#### RECORDS

152.77a Processing by millers. [Added]

SOURCE: §§ 152.2 to 152.77a, set forth in this Pocket Supplement, contained in Treasury Decision 40, 14 F. R. 180, Jan. 13, 1949; 14 F. R. 295, Jan. 20, 1949.

### SUBPART B—DEFINITIONS

§ 152.2 *Meaning of terms.* \* \* \*

(e) The term "miller" means any person who at a mill manufactures or produces from the plant *Cannabis sativa* L. any fiber or fiber products.

CODIFICATION: In § 152.2 former paragraphs (e) to (h) were redesignated paragraphs (f) to (i), respectively, and a new paragraph (e) was added as set forth above.

\* \* \*

### SUBPART C—SPECIAL TAXES

#### REGISTRATION

§ 152.3 *Persons liable.*

CODIFICATION: In the first sentence of § 152.3 the period at the end thereof was changed to a comma and the words "or who manufactures or produces any fiber or fiber products from the plant *Cannabis sativa* L." were added.

§ 152.4a *Investigation of millers' applications.* (a) All applications filed by millers on Form 678c shall be referred by the District Director of Internal Revenue to the appropriate narcotic district supervisor for investigation, report, and recommendation. Applications on Form 678c for reregistration shall also be referred by the director to the appropriate narcotic district supervisor for investigation, report, and recommendation, if the director is in doubt as to the applicant's being lawfully entitled to engage in the activity for which he seeks registration.

(b) In the case of applications which have been so referred, the director shall not issue a special tax stamp in connection with any registration until information has been submitted to him by the narcotic district supervisor, that the applicant is lawfully entitled to engage in the activity in the district in which he seeks registration.

(c) Upon receipt of such application for registration or reregistration, the narcotic district supervisor shall immediately cause an investigation to be made of the applicant to determine whether he meets the qualifications set forth in section 4753 (b) of the Internal Revenue Code of 1954. In the case of a new applicant particularly, the investigation shall include a comprehensive inquiry to determine whether the applicant is equipped with technical facilities and technical skill adequate to establish and maintain the proposed milling operation with reasonable degree of efficiency; whether the applicant has a market for the prospective fiber products; and whether there are or will be appropriate safeguards against diversion of marihuana while en route to, or at, the mill premises. The narcotic district supervisor shall make a complete report of the result of the investigation, with a statement of his findings and his recommendation, to the Commissioner of Narcotics who will notify the district supervisor of his approval or disapproval of the application, or direct that more information be furnished or that additional investigation be made before decision of approval or disapproval is made.

(d) Upon receipt of said notification, the narcotic district supervisor shall return the application to the director with a statement that it has been approved or disapproved by the Commissioner of

Narcotics including, in case of disapproval, representation of the points wherein the applicant lacks statutory qualification. The application together with the statement shall be returned to the director within twenty days from date of receipt of the application by the district supervisor, unless a longer time shall be required within which to complete an investigation and report. In the latter event the district supervisor shall, upon or before the expiration of the said twenty days, notify the director stating the estimated additional time required.

(e) If the application is returned disapproved, the director shall so notify the applicant with a statement of the points wherein he lacks the necessary qualifications, and shall deny him registration.

(f) If the narcotic district supervisor shall find, after investigation, that a miller already registered has not complied or is not complying with the requirements of section 4753 (b) of the Internal Revenue Code of 1954, or that grounds exist which would justify the refusal to permit the original registration of such person under said section, he shall report the result of his investigation, with a statement of his findings and his recommendation, to the Commissioner of Narcotics whether or not an application by the miller for reregistration (renewal) has been submitted or is pending. The Commissioner of Narcotics may direct that more information be furnished or that additional investigation be made before decision is made in the case. The final decision of the Commissioner of Narcotics shall be communicated to the narcotic district supervisor and if adverse to the registrant, will include a statement showing wherein said registrant is deemed to be disqualified.

(1) The director shall immediately notify the registrant of an adverse decision with the included statement of disqualification, and that his current registration is canceled and that reregistration will be, or if application is pending, is denied. As the public health, interest and safety require otherwise, the registrant shall not be accorded opportunity to demonstrate or achieve compliance with the lawful requirements before cancellation of registration or denial of reregistration.

(2) Within fifteen days from the date of the director's notification of cancellation of existing registration or denial of reregistration, the registrant so notified may request a hearing by letter addressed and mailed to the Commissioner of Narcotics, Washington 25, D. C. Upon receipt of timely application, the Commissioner of Narcotics shall arrange a hearing at a time and place convenient to the parties, but effort will be made to hold such hearing within thirty days, before a hearing officer to be designated by said Commissioner and pursuant to rules to be hereafter promulgated and published.

CLASSIFICATION

§ 152.10 *Rates of tax.* \* \* \*

(b) \* \* \* Persons registering in classes II, IV, V, or VI, shall pay the tax of \$1 a year or for any fractional part thereof, regardless of when business is commenced.

CODIFICATION: § 152.10 was amended in the following respects:

1. In paragraph (a) the table was amended by inserting under the heading "Class" the numeral "VI"; under the heading "Annual tax rate" the numeral "1"; and under the heading "Persons liable" the word "Millers."

2. The last sentence in paragraph (b) was amended to read as set forth above.

§ 152.16a *Millers.* Every person who at a mill manufactures or produces from the marihuana plant any fiber or fiber products is subject to tax as a miller at the rate of \$1 per annum or fraction thereof in class VI.

SPECIAL TAX STAMPS

§ 152.38 *Issuance of stamps.* (a) \* \* \* The coupon stamps are issued to registrants in classes I and III, and the stamps without coupons to registrants in classes II, IV, V, and VI.  
[Last sentence amended]

\* \* \*

SUBPART D—TRANSFER TAXES

EXCEPTIONS

§ 152.52 *When order forms not required.* \* \* \*

(f) For transfers of the plant *Cannabis sativa* L. or any parts thereof (including seeds of the plant), from any person registered under section 4753 of the Internal Revenue Code of 1954 to a person who is also registered under section 4753 of said Code as a taxpayer re-

quired to pay the tax imposed by section 4751, of said Code.

[Paragraph (f) added]

§ 152.68a *Transfer of the plant Cannabis sativa L.* Before making transfers of the plant *Cannabis sativa* L., the transferor must receive from the transferee a certificate of registration showing such person to be qualified under the act to acquire such plant. Certificates of registration will be issued by the director for the district in which the transferee is registered, upon request of the transferee. Records covering receipt and disposition of such plant must be kept in the same manner as records of other transactions in marihuana (see § 152.74a).

SUBPART E—INFORMATION RETURNS AND RECORDS

RETURNS

§ 152.74a *Returns required of millers.* (a) Every person registered as a miller who receives *Cannabis sativa* L. plants or parts thereof for the purpose of manufacturing or producing any fiber or fiber products, shall render a quarterly return on Form 961, and its supplement, Form 961a. The return shall be submitted to the director of internal revenue for the district on or before the 15th day of April, July, October, and January, for the quarterly periods ending March 31, June 30, September 30, and December 31, respectively. Each such return shall account for all *Cannabis sativa* L. plants or parts thereof on hand, purchased, or otherwise acquired, all manufacture or producing of fiber or fiber products, and all sales, exports, or other dispositions of such plants or parts thereof, or their products.

(b) All marihuana yield of such *Cannabis sativa* L. plants or parts thereof (green or dried flowering tops, foliage and seed) shall be destroyed on the miller's premises, and each return shall bear a written statement of the approximate weight of marihuana, or the approximate weight of marihuana and other commingled plant waste material, destroyed during the quarterly period and the method of destruction.

RECORDS

§ 152.77a *Processing by millers.* Persons who have registered and paid the tax to process the *Cannabis sativa* L.



plants and parts thereof, for the purpose of extracting any fiber or fiber products therefrom, are required to keep complete records relating to the receipt, disposal, and stock on hand, of all such plants and

parts thereof and products therefrom. The Government does not furnish blanks for the keeping of this record, but it should be in a form substantially as follows:

Date	Cannabis Sativa L. plants and parts		Disposed of		On hand			Remarks
	Received (lbs.)	Processed (lbs.)	Fiber (lbs.)	Fiber products (lbs.)	Plants (lbs.)	Fiber (lbs.)	Products (lbs.)	

### Part 153—Seizure Involving Contraband Articles Covered by Section 1 (b) (1) of the Act of August 9, 1930

Sec.

- 153.4 Advertisement. [Amended]  
 153.6 Summary forfeiture. [Amended]  
 153.7 Judicial forfeiture. [Amended]  
 153.8 Petition for remission or mitigation of forfeiture. [Amended]  
 153.10 Handling of petition. [Amended]

#### § 153.4 Advertisement.

CODIFICATION: In § 153.4 the figure "\$1,000" was changed to "\$2,500" by Regulations 6, 19 F. R. 6337, Oct. 1, 1954.

#### § 153.6 Summary forfeiture.

CODIFICATION: In § 153.6 the figure "\$1,000" was changed to "\$2,500" by Regulations 6, 19 F. R. 6337, Oct. 1, 1954.

#### § 153.7 Judicial forfeiture.

CODIFICATION: In § 153.7 the figure "\$1,000" was changed to "\$2,500" wherever it appeared by Regulations 6, 19 F. R. 6337, Oct. 1, 1954.

#### § 153.8 Petition for remission or mitigation of forfeiture.

CODIFICATION: In § 153.8 (a) the words "Secretary of the Treasury" were changed to "Commissioner of Narcotics" by Regulations 6, 19 F. R. 6337, Oct. 1, 1954.

#### § 153.10 Handling of petition.

CODIFICATION: In § 153.10 the words "Secretary of the Treasury" were changed to "Commissioner of Narcotics" and "Treasury Department" was changed to "Bureau of Narcotics" by Regulations 6, 19 F. R. 6337, Oct. 1, 1954.



Periodical

[Code of Federal Regulations: Regulations Under  
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