



Using Alcohol to Make Foods, Flavors, Medicines, and Perfumes

Presented by Janet Scalese,
Vickie Jobe-Peters, and Cindy Doerflein



5/2008

Part I: Laboratory Perspective

Janet Scalese,
Chief, Nonbeverage Products
Laboratory



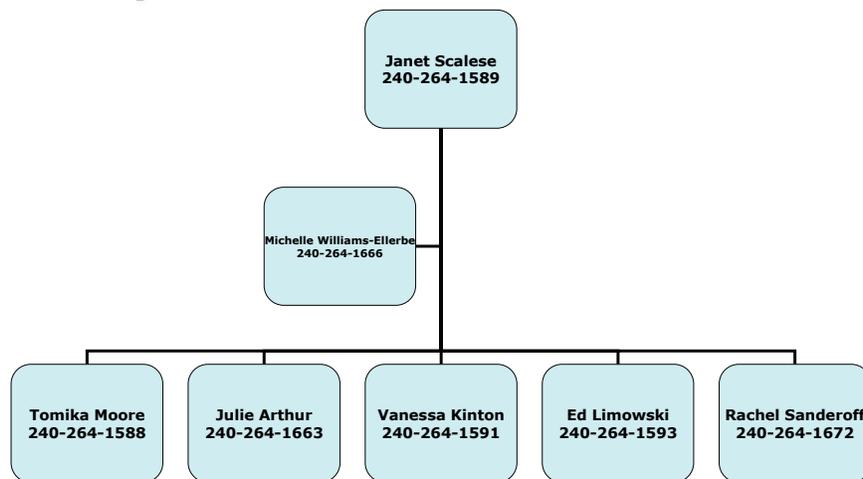
Objectives

- Provide background on Nonbeverage Products Laboratory (NPL) and areas of responsibility
- Provide information to reduce number of returned formulas
- Provide background on new regulations
- Provide hands-on evaluation of nonbeverage products

Alcohol and Tobacco Tax and Trade Bureau



Nonbeverage Products Laboratory



Alcohol and Tobacco Tax and Trade Bureau



NPL Responsibilities

- Process TTB Form 5154.1 and analyze related samples
- Analyze samples and determine tax classification for products intended for importation
- Provide information on flavors to the Advertising, Labeling and Formulation Division (ALFD) for flavors used in alcohol beverages
- Provide assistance and advice to industry members and TTB colleagues
- Process TTB Form 5150.19 and analyze related samples

Alcohol and Tobacco Tax and Trade Bureau



Nonbeverage Drawback Formulas

- Submitted by manufacturers of nonbeverage products (MNBPs) to obtain drawback of tax
- Submitted by companies selling flavors to alcohol beverage manufacturers
- Product must be food, flavor, medicine or perfume
- Must be unfit for beverage purposes
- In 2007, received >7,500 submissions
- Target turnaround time is 10 working days

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Business Process Reengineering

- Minimize NPL's burden on industries' business opportunities
- Meet the established turnaround time for formula approval
- Provide better tools for industry members
- Reduce number of formulas submitted that will not be manufactured
- Reduce NPL employee turnover

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Results

- Allow MNBPs to certify drawback formulas that meet TTB's standards
- Allow products to be certified based on organoleptic results when they do not meet the standards
- Formulas will be submitted to NPL at time of manufacture
- No action will be taken on formulas by NPL

No more waiting for formula approval!

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- Consist of two parts:
 - 0.1% and 1% Solution General Use Formulas
 - Certification

- Natural and artificial flavor ingredients known to make products unfit for beverage use
- Publish General Use Formulas as TTB Publication 5154.1
- To be added to the formulas allowed by 27 CFR 17.132
- Solutions may be manufactured without submission of TTB Form 5154.1
- Manufacturers will be allowed to claim drawback by submitting a drawback claim to the National Revenue Center (NRC)



Example 1% Solution Formula

Linalool	1 lb
Ethyl Alcohol 190 proof	99 lbs (14.57 gal)
<hr/>	
Total	100 lbs (14.72 gal)

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Certification

- Three categories of certified formulas:
 - Certified as unfit without a taste panel
 - Certified as unfit with a taste panel
 - Certified as fit for beverage purposes

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Certified As Unfit Without A Taste Panel - Information

- Product contains an ingredient in Pub. 5154.1 at the required level without mitigating ingredients
- Product contains an ingredient from the “Guidelines for Nonbeverage Product Formulation” at the required level without mitigating ingredients

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Certified As Unfit Without A Taste Panel - Information

- Product meets standards for sauces, syrups, brandied fruits or candies in 27 CFR 17.133
- Product meets standards of identity for vanilla extract, or one of the other vanilla products specified in 21 CFR
 - **Exception: vanilla extracts less than 3-fold with alcohol content > 45% by volume**
- Product contains less than 0.5% alcohol by volume or no alcohol

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Certified As Unfit Without A Taste Panel - Process

- Submitter will use a canned statement in Box #18 on TTB Form 5154.1 declaring why product meets certification requirement
- Applies to domestic, imported, and “No Action” formulas
- Drawback claims submitted to NRC

Alcohol and Tobacco Tax and Trade Bureau



Certified As Unfit Without A Taste Panel - Process

- NPL will log formulas into database and make them available to NRC but will not take any action on or mail copies to manufacturers
- Manufacturers will be required to retain samples for a period of time
- NPL will randomly request samples to verify compliance with formulas

Alcohol and Tobacco Tax and Trade Bureau



Certified As Unfit With A Taste Panel - Information

- Product does not meet TTB's standards based on any single ingredient, but does contain one or more ingredients that the manufacturer believes makes the product unfit for beverage purposes
- Product contains an ingredient that may mitigate the impact of the flavoring ingredient but manufacturer believes product is unfit for beverage purposes

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Certified As Unfit With A Taste Panel - Process

- Manufacturer must subject product to a six-member taste panel
- At least 4 out of 6 panelists must agree that the product is unfit for beverage use
- Manufacturer must submit formula with taste panel results to NPL
- Submitter will use a canned statement in Box #18 on TTB Form 5154.1 declaring taste panel results

Alcohol and Tobacco Tax and Trade Bureau



Certified As Unfit With A Taste Panel - Process

- NPL will log formulas into database and make them available to the NRC but will not take any action on or mail copies to manufacturers
- Applies to domestic, imported, and “No Action” formulas
- Drawback claims submitted to NRC

Alcohol and Tobacco Tax and Trade Bureau



Certified As Fit For Beverage Purposes - Information

- Domestic manufacturer knows that the product is fit and intends to use it as an intermediate in another product eligible for drawback
- Foreign manufacturer wants to use a fit product in an alcohol beverage manufactured outside the U.S.

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Certified As Fit For Beverage Purposes - Process

- Formulas submitted to NPL at time of manufacture
- No taste panel results required
- Submitter will use a canned statement in Box #18 on TTB Form 5154.1

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Great—Now What?

- Regulations currently in review at TTB
- Regulations to be reviewed at U.S. Treasury Department
- Possible revision
- Publish in Federal Register
- Voluntary program

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Regulatory Nuts & Bolts

- Publish NPRM & Temporary Rule in Federal Register
- Comment period
- Revision
- 2nd NPRM to make rule permanent
- Final Rule

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What Will The NPL Do?

- Expand guidelines, especially 1% solutions
- Expand Drawback Tutorial
- Enhance educational opportunities
- Provide assistance to TTB auditors
- Develop analytical methods

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- Be sure all submissions are complete
- Check and recheck calculations
- Use worksheets in tutorial
- Identify and quantify all sources of ethanol
- Identify and quantify limited ingredients & colors
- Disclose what makes your product unfit

Alcohol and Tobacco Tax and Trade Bureau



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E-mail Updates

Drawback Tutorial

We are providing you with this tutorial to show a more effective way to fill out [TTB Form 5154.1](#). Guidelines for submissions of nonbeverage product formulas to the Nonbeverage Products Laboratory and sample calculations for items 9 & 10 are provided for the most common types of submissions. We have found that roughly 80 to 90% of the submissions fall under two categories:

1. Simple mixtures (with and without filtration)
2. Washed extracts of essential oils

Compounded flavors are the most frequently encountered by the Laboratory and will serve as examples for simple mixtures. Sample calculations for washed extracts are also included. Even if your product does not strictly adhere to these formats, please review the calculations because much of the information can be applied to other types of products.

The first twelve topics cover an array of issues that should help you better understand the requirements for approval of a nonbeverage product formula. The rest of the topics include example calculations for the scenarios discussed above.

Questions and comments regarding this tutorial can be sent to the laboratory staff at the following e-mail address drawback@ttb.gov. Please do not send status requests to this e-mail.

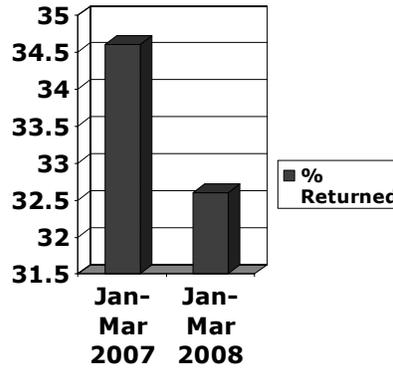
[TTB F 5154.1](#)

<http://www.ttb.gov/ssd/drawbacktutorial.shtml>



Returned Formulas

- Calculation Errors
- Missing Information
- Samples
- Name



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DEPARTMENT OF THE TREASURY BUREAU OF ALCOHOL, TOBACCO AND FIREARMS FORMULA AND PROCESS FOR NONBEVERAGE PRODUCT <i>(See instructions attached-Prepare in triplicate, except if manufactured abroad)</i>			1. FORMULA NUMBER 16
3. NAME OF PRODUCT. Cranberry Flavor	4. CHECK IF SAMPLE WILL BE SUBMITTED <input type="checkbox"/>	5. NUMBER OF DAYS TO COMPLETE PROCESS 1	2. KIND (e.g. Alcohol, Rum) PROOF OF SPIRITS ON WHICH DRAWBACK WILL BE CLAIMED. Alcohol 190 proof
6. NAME OF THE MANUFACTURER & ADDRESS WHERE PRODUCTS WILL BE PRODUCED (if multiple production sites, list other addresses on reverse). We Love Flavors 6000 Ammendale Rd Beltsville, MD 20705	7. CHECK KIND OF PRODUCT: <input type="checkbox"/> MEDICINE/MEDICINAL PREPARATION <input checked="" type="checkbox"/> FLAVOR/FLAVORING EXTRACT <input type="checkbox"/> FOOD PRODUCT <input type="checkbox"/> PERFUME	8. FORMULAS SUPERSEDED.	10. ALCOHOL CONTENT BY VOLUME OF FINISHED PRODUCT. 36.3%
9. ELIGIBLE ABSOLUTE ALCOHOL VOLUME USED. <i>(See instructions)</i> 36.1%	11. IF MADE WITH RECOVERED SPIRITS. ELIGIBLE PLUS RECOVERED ABSOLUTE ALCOHOL BY VOLUME USED. <i>(See instructions)</i>	12. IF FINISHED PRODUCT IS TO BE USED IN ALCOHOLIC BEVERAGES: A. DOES PRODUCT CONTAIN NATURAL FLAVORING? (YES OR NO) B. DOES PRODUCT CONTAIN GREATER THAN 0.1% ARTIFICIAL FLAVORING(Excluding Vanillin, Ethyl Vanillin,Maltol, Ethyl Maltol)? (Yes or No) No C. STATE PARTS PER MILLION IN PRODUCT OF: VANILLIN SYNTHETIC MALTOL ETHYL MALTOL ETHYL VANILLIN D. DOES PRODUCT CONTAIN A COLOR ADDITIVE? IF YES, WHICH? E. ARE ALL INGREDIENTS APPROVED BY FDA FOR USE WITHOUT LIMITATION OR RESTRICTION? (YES OR NO)	
13. FORMULA AND PROCESS <i>(Use Additional Space on Reverse if Necessary)</i>			
Ethanol 190 proof		27.9 lbs (4.1 gal)	
Cranberry (3.5% alcohol)		7.5 lbs	
Tannic acid		1.5 lbs	
Propylene glycol		43.6 lbs	
Natural esters		1.9 lbs	
Water		q.s.	
Total		100 lbs (10.8 gal)	
Mix all ingredients.			

Formula approval: OMB No. 1512-0095 (09/30/98)

DEPARTMENT OF THE TREASURY BUREAU OF ALCOHOL, TOBACCO AND FIREARMS FORMULA AND PROCESS FOR NONBEVERAGE PRODUCT <small>(See instructions attached-Prepare in triplicate, except if manufactured abroad)</small>			1. FORMULA NUMBER 16
			2. KIND (e.g. Alcohol, Rum) PROOF OF SPIRITS ON WHICH DRAWBACK WILL BE CLAIMED. Alcohol 190 proof
3. NAME OF PRODUCT. Natural Cranberry Flavor WONF	4. CHECK IF SAMPLE WILL BE SUBMITTED <input type="checkbox"/>	5. NUMBER OF DAYS TO COMPLETE PROCESS 1	
6. NAME OF THE MANUFACTURER & ADDRESS WHERE PRODUCTS WILL BE PRODUCED (if multiple production sites, list other addresses on reverse). We Love Flavors 6000 Ammendale Rd Beltsville, MD 20705	7. CHECK KIND OF PRODUCT: <input type="checkbox"/> MEDICINE/MEDICINAL PREPARATION <input checked="" type="checkbox"/> FLAVOR/FLAVORING EXTRACT <input type="checkbox"/> FOOD PRODUCT <input type="checkbox"/> PERFUME		8. FORMULAS SUPERSEDED.
	9. ELIGIBLE ABSOLUTE ALCOHOL VOLUME USED. (See instructions) 36.1%		10. ALCOHOL CONTENT BY VOLUME OF FINISHED PRODUCT. 36.3 +/- 1.5%
11. IF MADE WITH RECOVERED SPIRITS: ELIGIBLE PLUS RECOVERED ABSOLUTE ALCOHOL BY VOLUME USED. (See instructions)	12. IF FINISHED PRODUCT IS TO BE USED IN ALCOHOLIC BEVERAGES: A. DOES PRODUCT CONTAIN NATURAL FLAVORING? (YES OR NO) B. DOES PRODUCT CONTAIN GREATER THAN 0.1% ARTIFICIAL FLAVORING(Excluding Vanillin, Ethyl Vanillin, Maltol, Ethyl Maltol)? (Yes or No) No C. STATE PARTS PER MILLION IN PRODUCT OF: VANILLIN ETHYL-VANILLIN SYNTHETIC MALTOL ETHYL-MALTOL D. DOES PRODUCT CONTAIN A COLOR ADDITIVE? IF YES, WHICH? E. ARE ALL INGREDIENTS APPROVED BY FDA FOR USE WITHOUT LIMITATION OR RESTRICTION? (YES OR NO)		
13. FORMULA AND PROCESS (Use Additional Space on Reverse if Necessary)			
Ethanol 190 proof		27.9 lbs (4.1 gal)	
Cranberry Essence (3.5% alcohol)		7.5 lbs (0.9 gal)	
Tannic acid		1.5 lbs	
Propylene glycol		43.6 lbs	
Natural esters (ethyl butyrate 1.2 lb)		1.9 lbs	
Water		q.s.	
Total		100 lbs (10.8 gal)	
Mix all ingredients.			



DEPARTMENT OF THE TREASURY BUREAU OF ALCOHOL, TOBACCO AND FIREARMS FORMULA AND PROCESS FOR NONBEVERAGE PRODUCT <i>(See instructions attached-Prepare in triplicate, except if manufactured abroad)</i>			1. FORMULA NUMBER 25
3. NAME OF PRODUCT. Propylene Glycol Blender	4. CHECK IF SAMPLE WILL BE SUBMITTED <input checked="" type="checkbox"/>	5. NUMBER OF DAYS TO COMPLETE PROCESS 1	2. KIND (e.g. Alcohol, Rum) PROOF OF SPIRITS ON WHICH DRAWBACK WILL BE CLAIMED. Alcohol 190 proof
6. NAME OF THE MANUFACTURER & ADDRESS WHERE PRODUCTS WILL BE PRODUCED (if multiple production sites, list other addresses on reverse). We Love Flavors 6000 Ammendale Rd Beltsville, MD 20705	7. CHECK KIND OF PRODUCT: <input type="checkbox"/> MEDICINE/MEDICINAL PREPARATION <input checked="" type="checkbox"/> FLAVOR/FLAVORING EXTRACT <input type="checkbox"/> FOOD PRODUCT <input type="checkbox"/> PERFUME	8. FORMULAS SUPERSEDED.	10. ALCOHOL CONTENT BY VOLUME OF FINISHED PRODUCT. 14.6 +/- 1
9. ELIGIBLE ABSOLUTE ALCOHOL VOLUME USED. <i>(See instructions)</i> 14.6%	11. IF MADE WITH RECOVERED SPIRITS: ELIGIBLE PLUS RECOVERED ABSOLUTE ALCOHOL BY VOLUME USED. <i>(See instructions)</i>		
12. IF FINISHED PRODUCT IS TO BE USED IN ALCOHOLIC BEVERAGES: A. DOES PRODUCT CONTAIN NATURAL FLAVORING? (YES OR NO) B. DOES PRODUCT CONTAIN GREATER THAN 0.1% ARTIFICIAL FLAVORING (Excluding Vanillin, Ethyl Vanillin, Maltol, Ethyl Maltol)? (YES OR NO) NO C. STATE PARTS PER MILLION IN PRODUCT OF: VANILLIN ETHYL VANILLIN SYNTHETIC MALTOL ETHYL MALTOL D. DOES PRODUCT CONTAIN A COLOR ADDITIVE? IF YES, WHICH? E. ARE ALL INGREDIENTS APPROVED BY FDA FOR USE WITHOUT LIMITATION OR RESTRICTION? (YES OR NO)			
13. FORMULA AND PROCESS <i>(Use Additional Space on Reverse if Necessary)</i> Ethanol (190 proof) 12.50 lbs (1.84 gal) Propylene glycol 19.00 lbs Granulated sugar 1.00 lbs Water 67.5 lbs Total 100 lbs (11.99 gal) Mix well			



TTB's Determination

This product was determined to be fit for beverage purposes.



Alcohol and Tobacco Tax and Trade Bureau

Formula approval: OMB No. 1512-0095 (09/30/98)

DEPARTMENT OF THE TREASURY BUREAU OF ALCOHOL, TOBACCO AND FIREARMS FORMULA AND PROCESS FOR NONBEVERAGE PRODUCT <small>(See instructions attached-Prepare in triplicate, except if manufactured abroad)</small>			1. FORMULA NUMBER 26
3. NAME OF PRODUCT. Ethyl Butyrate Blender	4. CHECK IF SAMPLE WILL BE SUBMITTED <input checked="" type="checkbox"/>	5. NUMBER OF DAYS TO COMPLETE PROCESS 1	2. KIND (e.g. Alcohol, Rum) PROOF OF SPIRITS ON WHICH DRAWBACK WILL BE CLAIMED. Alcohol 190 proof
6. NAME OF THE MANUFACTURER & ADDRESS WHERE PRODUCTS WILL BE PRODUCED (if multiple production sites, list other addresses on reverse). We Love Flavors 6000 Ammendale Rd Beltsville, MD 20705		7. CHECK KIND OF PRODUCT: <input type="checkbox"/> MEDICINE/MEDICINAL PREPARATION <input checked="" type="checkbox"/> FLAVOR/FLAVORING EXTRACT <input type="checkbox"/> FOOD PRODUCT <input type="checkbox"/> PERFUME	8. FORMULAS SUPERSEDED.
9. ELIGIBLE ABSOLUTE ALCOHOL VOLUME USED. (See instructions) 14.6%		10. ALCOHOL CONTENT BY VOLUME OF FINISHED PRODUCT. 14.6 +/- 1	
11. IF MADE WITH RECOVERED SPIRITS: ELIGIBLE PLUS RECOVERED ABSOLUTE ALCOHOL BY VOLUME USED. (See instructions)		12. IF FINISHED PRODUCT IS TO BE USED IN ALCOHOLIC BEVERAGES: A. DOES PRODUCT CONTAIN NATURAL FLAVORING? (YES OR NO) B. DOES PRODUCT CONTAIN GREATER THAN 0.1% ARTIFICIAL FLAVORING (Excluding Vanillin, Ethyl Vanillin, Maltol, Ethyl Maltol)? (Yes or No) No C. STATE PARTS PER MILLION IN PRODUCT OF: VANILLIN ETHYL VANILLIN ETHYL MALTOL D. DOES PRODUCT CONTAIN A COLOR ADDITIVE? IF YES, WHICH? E. ARE ALL INGREDIENTS APPROVED BY FDA FOR USE WITHOUT LIMITATION OR RESTRICTION? (YES OR NO)	
13. FORMULA AND PROCESS (Use Additional Space on Reverse if Necessary) ... Ethanol (190 proof) 12.50 lbs (1.84 gal) Ethyl Butyrate 0.50 lbs Granulated sugar 5.00 lbs Water 82.00 lbs Total 100 lbs (12.00 gal) Mix well			



TTB's Determination

This product was determined to be unfit for beverage purposes.



Alcohol and Tobacco Tax and Trade Bureau



Contact Information

- If you have questions, please contact:

Janet M. Scalese, Chief, NPL

Phone: 240-264-1589

E-mail: Janet.Scalese@ttb.gov

Alcohol and Tobacco Tax and Trade Bureau

Part II: Filing Drawback Claims

Vickie Jobe-Peters and Cindy
Doerflein,
Tax Services Branch Specialists,
NRC

- Manufacturer of Nonbeverage Products (MNBP) — the six categories
- Eligibility claim requirements
- Timely filing of claims and formulas
- Intermediate products
- Recovered alcohol
- Bond requirements and types of bonds
- Supporting data

- Rejections
- Penalties
- Increasing adjustments
- Records
- Changes that must be reported

Manufacturer of Nonbeverage Products



Six Categories of MNBPs

1. Medicines
2. Medicinal Preparations
3. Food Products
4. Flavors
5. Flavoring Extracts
6. Perfumes

Alcohol and Tobacco Tax and Trade Bureau

Drawback 27 CFR part 17

- Products must be **unfit for beverage use** to be eligible for drawback
- Tax rate \$13.50 per PG; drawback rate would be \$1.00 less the effective tax rate; normally \$12.50; can be different rates (proof gallon = proof of alcohol × gallons)
- Claim must be filed with NRC to obtain drawback

Alcohol and Tobacco Tax and Trade Bureau

Federal Requirements

- Excise tax of \$13.50 per PG
- Congress recognized tax might be burdensome for industries that use distilled spirits in the manufacture of nonbeverage products
- Consequently these industries are eligible to recoup a portion of taxes paid

Alcohol and Tobacco Tax and Trade Bureau

Eligibility Claim Requirements



Eligibility Claim Requirements

- Must register with SOT; no longer required to pay
- Must file a formula with National Laboratory Center for each product (unless HPUS, UPS, or NF) (27 CFR 17.121)
- Must submit a bond if filing claims monthly (27 CFR 17.101)
- Must furnish signing authority or power of attorney for the person signing the claim and having any contact with NRC (27 CFR 17.6)
- NOTE: Drawback is computed to the first decimal place only without rounding per 27 CFR 19.762.

Alcohol and Tobacco Tax and Trade Bureau

OMB No. 1513-0014 (10/31/09)

**DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (TTB)
SIGNING AUTHORITY FOR CORPORATE AND LLC OFFICIALS**

<p>Name & Address</p> <p>NAME AND COMPLETE ADDRESS OF CORPORATION OR LLC</p> <p>Board Meeting <input type="checkbox"/> DIRECTORS <input type="checkbox"/> TRUSTEES <input type="checkbox"/> MANAGERS <input type="checkbox"/> GOVERNORS</p> <p>List of persons by name or title</p> <p>THE FOLLOWING CORPORATE/LLC OFFICIALS, EMPLOYEES, OR INCUMBENTS OF THE OFFICES LISTED ARE AUTHORIZED TO SIGN, OR TO APPOINT PERSONS AUTHORIZED TO SIGN, ALL DOCUMENTS UNLESS OTHERWISE SPECIFIED, SUBMITTED ON THE CORPORATION/LLC'S BEHALF TO THE ALCOHOL AND TOBACCO TAX AND TRADE BUREAU. OUTSIDE CONSULTANTS MAY NOT APPOINT OTHERS TO SIGN ON THE CORPORATION/LLC'S BEHALF.</p>	<p>COMPLETE APPLICABLE INFORMATION</p> <p><input type="checkbox"/> CHECK IF YOU ARE A NEW APPLICANT</p> <p>REGISTRY/PERMIT NO. MNBP</p> <p>DATE OF MEETING Date of mtg</p>
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I certify that this is true and complete and that the above authorization was granted at the cited meeting of the board.

<p>SIGNATURE Signed by corp official</p> <p>TITLE Title</p>	<p>PRINTED NAME Print Name</p> <p>DATE Date</p>	<p>CORPORATE/LLC SEAL SEAL – or attach Bylaws or minutes</p> <p><input type="checkbox"/> NO SEAL <i>(If no seal, attach a resolution or meeting minutes that support the authority(ies) identified above.)</i></p>
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INSTRUCTIONS

Prepare and submit to the Director, National Revenue Center, Alcohol and Tobacco Tax and Trade Bureau, in duplicate. Each copy must be signed in ink by a corporate/LLC official and be embossed with the corporate/LLC seal (if any). This form may be used to list the corporate/LLC officials, or employees (if any), who are authorized by the articles of incorporation, the bylaws, or the board of directors in adopted resolutions or motions, to act on behalf of the corporation or to sign its name. If the authorization to sign is granted by position title, rather than to specific individuals by name, a new authorization will not be needed each time a change of incumbent occurs. However, if you list an individual's name along with a title position, the authority is limited to the period of time that the specific individual holds the specific title/position. If an individual or incumbent's authority is restricted to a certain area of expertise or specific documents, identify the limitation next to the designation. WHERE THE AUTHORIZATION IS NOT GRANTED BY THE ARTICLES OF INCORPORATION OR ORGANIZATION, THE BY-LAWS, OR ACTION BY THE BOARD OF DIRECTORS OR MANAGING MEMBERS, TTB F 5100.1, POWER OF ATTORNEY, MUST BE SUBMITTED.

PAPERWORK REDUCTION ACT NOTICE

This request is in accordance with the Paperwork Reduction Act of 1995. This information collection is used by TTB to ensure that only duly authorized individuals are signing documents. This information is voluntary. The estimated average burden associated with this collection of information is 25 hours per respondent or recordkeeper depending on individual circumstances. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be addressed to the Reports Management Officer, Regulations and Rulings Division, Alcohol and Tobacco Tax and Trade Bureau, Washington, DC 20220. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a current, valid OMB control number.

TTB F 5100.1 (12/2007)

OMB No. 1513-0014 (10/31/09)

**DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (TTB)
POWER OF ATTORNEY**

(Please read instructions before completing this form)

<p>1. PRINCIPAL (Name of Partnership, Corporation, Association, Estate, or Individual) Principal Name</p> <p>2. BUSINESS IN WHICH ENGAGED Manufacture of Nonbeverage Products</p> <p>3. ADDRESS (Number, Street, City, State, ZIP Code), TELEPHONE NUMBER, AND E-MAIL ADDRESS Address</p>	<p>4. TAXPAYER IDENTIFICATION NUMBER (Employer Identification Number or Social Security Number) EIN</p> <p>5. PERMIT NUMBER, REGISTRY NUMBER (if applicable) MNBP</p> <p>6. NAME AND TELEPHONE NUMBER OF APPOINTED ATTORNEY Name of Person appointed</p> <p>7. ADDRESS (Number, Street, City, State, and ZIP Code) Business address</p>
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8. The above named principal, engaged in the business shown, has appointed the above named attorney to: (See Instruction 2)

(a) Execute for him/her all applications, notices, bonds, tax returns, tax information disclosure authorizations, and other instruments, claims, offers in compromise, letters, writings, and papers, and to act for him/her in dealing with the Alcohol and Tobacco Tax and Trade Bureau (TTB) in connection with matters relating to the laws and regulations administered by it. The principal authorizes the attorney named above to receive on his/her behalf any and all notices, papers, and letters from the Alcohol and Tobacco Tax and Trade Bureau in connection with all such matters, and grants him/her full power and authority to do all that is essential in and about the premises, as duly as the principal could do if personally present, with full power of substitution and revocation. The principal hereby ratifies and confirms all that the attorney must lawfully do or cause to be by virtue of this appointment.

(b)

RESTRICTION IF APPLIED

9. The power is to apply to the following. (If authority is restricted to a particular factory, plant, premises, etc., give name as: Distilled Spirits Plant, Tobacco Products Factory, Tobacco Export Warehouse, etc., and address and registry number; or, if a Wholesale Liquor Dealer, SDA, or Tax-Free Alcohol User, or if this Power of Attorney may be used for manufacturing or importing firearms or ammunition, etc., give permit number.)

10. SIGNATURE OF APPOINTED ATTORNEY
Signature of appointed person

EXECUTION (See Instruction 3)

<p>11. SIGNATURE IF PRINCIPAL IS INDIVIDUAL (Signature of Principal) Sole Owner Signature</p>	<p>DATE DATE</p>
--	-----------------------------

12. SIGNATURE IF PRINCIPAL IS PARTNERSHIP, LIMITED LIABILITY PARTNERSHIP (LLP), ESTATE, CORPORATION, LIMITED LIABILITY COMPANY (LLC), OR ASSOCIATION. Under penalties of perjury, I declare that I have the authority to execute this power of attorney on behalf of the principal.

<p>CORPORATE OFFICIAL</p> <p>Signature _____ Title _____ Date _____</p>	<p>13. Seal of Corporation, Association, or LLC (A corporation, association or LLC will impress their seal below if they have one. If there is no seal, provide a resolution by the board of directors or organizational/supporting documents that support your company not having a seal, if applicable)</p> <p>SEAL or Bylaws Attached</p>
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TTB F 5000.8 (11/2006)

Complete
14(a) or
14(b)

14. ACKNOWLEDGMENT, WITNESSING, OR DECLARATION (Complete 14a, 14b, or 14c)

14a. ACKNOWLEDGMENT
The above-named person(s) signing as or for the principal(s) appeared before me today and acknowledged this power of attorney as his/her/their voluntary act and deed. The notarial seal must be affixed unless a seal is not required under the laws of the state where the power of attorney is executed.

14b. WITNESSING
This power of attorney was signed by or for the principal(s) by a person or persons known to, and in the presence of, the two disinterested witnesses whose signatures appear below.

<p>Signature of Notary or Other Officer _____</p> <p>DATE _____</p>	<p>Signature of Witness _____ Date _____</p> <p>Signature of Witness _____ Date _____</p>
---	---

14c. DECLARATION by attorney, certified public accountant, or enrolled practitioner who is granted the power of attorney by this form:
I declare that I am aware of the regulations of 31 CFR Part 8, that I am not currently under suspension or disbarment from practice before the Alcohol and Tobacco Tax and Trade Bureau, and that I am currently: (Check applicable box)

A member in good standing of the bar of the highest court of _____

Qualified to practice as a certified public accountant in _____

Printed Name _____

Signature _____

Insert Name of State, Possession, or District of Columbia

FOR TTB USE ONLY			
DATE RECEIVED FOR FILING	DISTRICT	RECEIVED BY	(Signature and Title)
DATE RECEIVED FOR FILING	TTB OFFICE	RECEIVED BY	(Signature and Title)

INSTRUCTIONS

- GENERAL.** This form is filed with each TTB office in which the appointed attorney is to represent the principal. The additional copies will be filed in the same manner as when the power of attorney relates to only one establishment or business. Copies reproduced by photographic process need not be certified as copies of the original.
- ITEM 8.** A full power of attorney is granted by paragraph 8(a). The power of attorney may be limited or restricted by deleting all of paragraph 8(a) and listing the specific powers to be conferred in section 8(b).
- EXECUTION.** This form must be signed by or on behalf of the principal(s) as follows:
 - INDIVIDUAL** by his or her completion of item 11.
 - PARTNERSHIP, LIMITED LIABILITY PARTNERSHIP (LLP)** by completion of item 12 by all partners, or one partner who attaches his/her authorization to act on behalf of all the partners unless this authorization is provided by State law.
 - CORPORATION or ASSOCIATION** by completion of items 12 and 13, an officer, preferably the president, vice-president, or treasurer, must sign in item 12.
 - ESTATE** by completion of item 12 by the executor or administrator and attaching other such documents as may be required by TTB.
 - LIMITED LIABILITY COMPANY (LLC)** by completion of item 12 by all members or managers, or one member or manager who attaches his/her authorization to act on behalf of the LLC.
- FILING.** This form must be completed in duplicate, unless otherwise required, and submitted to the Director, National Revenue Center, 550 Main St., Ste. 8002, Cincinnati, OH 45202-5215. The original with any attachments will be retained by the Director, National Revenue Center, and all other copies will be returned to the principal. If the power of attorney is applicable to more than one business establishment, additional copies must be submitted for each.
- REVOCATION.** A power of attorney remains in effect until revoked by the principal in written notice to the Director, National Revenue Center.
- RULES.** All persons representing clients before the Alcohol and Tobacco Tax and Trade Bureau must comply with the regulations governing representation (26 CFR Part 801) or those regulations as recorded in 27 CFR Part 77 and any other applicable rules and statutes.

PAPERWORK REDUCTION ACT NOTICE

This request is in accordance with the Paperwork Reduction Act of 1995. The information collection is used by TTB to ensure that only duly authorized individuals are signing documents. The information is voluntary.

The estimated average burden associated with this collection of information is 30 minutes per respondent or recordkeeper, depending on individual circumstances. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be addressed to the Reports Management Officer, Regulations and Rulings Division, Alcohol and Tobacco Tax and Trade Bureau, Washington, DC 20200.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a current, valid OMB control number.

Page 2 of 2 TTB F 5000.8 (11/2006)



Drawback Calculation

- 50 PG × \$12.50 = \$625 in drawback
- 100 PG × \$12.50 = \$1,250 in drawback
- NOTE: There is no interest paid on drawbacks.

Alcohol and Tobacco Tax and Trade Bureau

Check
MNBP/
allowance
for
DSP only

OMB No. 1513-0141 (06/30/2002)
FOR ATF USE ONLY

DEPARTMENT OF THE TREASURY
BUREAU OF ALCOHOL, TOBACCO AND FIREARMS
CLAIM - ALCOHOL, TOBACCO AND FIREARMS TAXES
(File in duplicate with the Bureau of Alcohol, Tobacco and Firearms)

PART 1. TO BE FILLED IN BY CLAIMANT.

1. THIS CLAIM IS FILED UNDER THE PROVISIONS OF 27 CFR. (Enter applicable section of regulations, such as 55.270.263, 26b-17.3. See www.atf.treas.gov.) **17.142**

2. REMISSION OF TAX ALLOWANCE OF CREDIT FOR TAX ABATEMENT OF TAX
 ALLOWANCE OF LOSS ALLOWANCE OF TAX REFUND OF TAX
 DRAWBACK-MNBP DRAWBACK-EXCISE OTHER (Specify)

3. NAME AND ADDRESS OF CLAIMANT (Telephone number and e-mail address optional)
Name
Address

4. EMPLOYER IDENTIFICATION NUMBER
EIN

5. PLANT, LICENSE OR PERMIT NUMBER
MNBP

6. KIND OF TAX
Distilled Spirits Excise

7. PERIOD, IF SPECIAL TAX OR MNBP (mm/dd/yyyy)
 FROM **Qtr or Month**
 TO

8. AMOUNT OF TAX CLAIMED **Amt of drawback**

9. DATE OF PAYMENT

10. BASIS OF CLAIM (Give the detailed information required by the applicable regulations under which the claim is filed and any other facts which will tell the reviewing official of the exact basis for the claim. Please identify any documents or statements submitted in support of this claim.)
Statements per 17.146
 1. That special tax has been paid
 2. That the distilled spirits on which drawback is claimed were fully Taxpaid or tax determined at the effective tax rate applicable.
 3. That the distilled spirits on which the drawback is claimed were Used in the manufacture of nonbeverage products.
 4. That the nonbeverage products were manufactured in compliance And quantitative formulas are approved under subpart F of this part.
 5. That the data submitted in support of the claim are correct

(Attach letter size sheets if more space is required)

Under the penalties of perjury, I declare that I have examined this claim, including supporting documents and statements, and to the best of my knowledge and belief, it is true, correct and complete.

11. SIGNATURE (Type or print name and title, and sign or type name and title)
Original signature and title

12. DATE

ATF F 5420.8 (2-2001) (Formerly ATF F 2635, which is obsolete)

Timely Filing of Claims and Formulas

Claim Periods

- January – March
- April – June
- July – September
- October – December

Timely Filing of Claims

- Claims must be filed within 6 months after the quarter in which the distilled spirits covered by the claim were used in the manufacture of nonbeverage products
- If the claims are not filed within the 6 months stated in 27 CFR 17.145, you will be charged a penalty for late filing of the claim, which is \$1,000 or the amount of the claim (whichever is less)



28 U.S.C. 2401

- It should be noted that in no case will a claim be paid more than 6 years after the quarter in which the products were manufactured due to the statute of limitations (28 U.S.C. 2401)

Alcohol and Tobacco Tax and Trade Bureau



Formulas TTB Form 5154.1

- Formulas must be filed within 6 months of manufacturing with TTB's Lab; otherwise you will be charged a penalty for the formula being late filed in accordance with 27 CFR 17.121(b)

Alcohol and Tobacco Tax and Trade Bureau

Formula approval, OMB No. 1512-0055 (09/2009)

DEPARTMENT OF THE TREASURY BUREAU OF ALCOHOL, TOBACCO AND FIREARMS FORMULA AND PROCESS FOR NONBEVERAGE PRODUCT		FORMULA NUMBER 178
3. NAME OF PRODUCT Natural Strawberry Flavor		4. CHECK IF SAMPLE IS BEING SUBMITTED <input type="checkbox"/> NUMBER OF GALLONS COMPLETELY PROCESSED <input type="checkbox"/>
5. NAME OF THE MANUFACTURER & ADDRESS WHERE PRODUCTS WILL BE PRODUCED (if multiple production sites, list other addresses on reverse) We Love Flavors 8000 Ammanville Rd Beltsville, MD 20705		6. CHECK KIND OF PRODUCT <input type="checkbox"/> BEVERAGE MEDICAL, PHARMACEUTICAL <input type="checkbox"/> LIQUOR/FUNCTIONAL BEVERAGE <input type="checkbox"/> NON-BEVERAGE <input type="checkbox"/> LEGIBLE ABSOLUTE ALCOHOL VOLUME USED (See instructions)
7. IF MADE WITH RECOVERED SPIRITS, LIST THE PERCENTAGE OF RECOVERED SPIRITS AND VOLUME USED (See instructions)		8. ALCOHOL CONTENT BY VOLUME OF FINISHED PRODUCT 19.3 %
9. IF FINISHED PRODUCT IS TO BE USED IN NON-BEVERAGE APPLICATIONS: a. IDENTIFY CONTACT OTHER FEDERAL AGENCIES AND THE b. USE PRODUCT CONTACT INFORMATION FROM THE APPLICANT, IF APPLICABLE (Include name, title, telephone, fax number, e-mail, etc.) c. STATE PARTS PER MILLION IN PRODUCT OF: VANILIN (Specify name, %) d. STATE PRODUCT CONTACT (Include name, title, telephone, fax number, e-mail, etc.) e. STATE ALL ADDITIONAL APPROVALS OR PERMITS REQUIRED BEFORE COMMENCING PRODUCTION		10. 3000%
11. FORMULA AND PROCESS (See instructions for format of formula)		
Alcohol 190 proof Sugar syrup Strawberry essence (non-alcoholic) Water		7.0 lbs (1.03 gal) 75.8 lbs 15.2 lbs q.s.
Final Yield Simple Mixture		100.0 lbs = 9.5 gal
12. CONTACT PERSON (Include Title & Phone No.) Marta Washington 240-204-1111	13. SIGNATURE & TITLE OF APPLICANT OR AUTHORIZED AGENT <i>Marta Washington</i>	14. DATE REV1000A
APPLICANT: PLEASE MAKE NO ENTRY BELOW THIS LINE.		
15. LABORATORY SAMPLE NUMBER	16. ACTION APPROVED SUBJECT TO COMPLIANCE WITH U.S. FOOD AND DRUG ADMINISTRATION REGULATIONS APPROVED SUBJECT TO COMPLIANCE WITH U.S. FOOD AND DRUG ADMINISTRATION LABELING REGULATIONS <i>Marta Washington</i> - Analyst	
17. ALCOHOL BY VOLUME		
18. ANALYST		
19. DATE JUN 25 2011		

SEE INSTRUCTIONS FOR FORM 5154.1 AND RELATED FORMS FOR DETAILED INFORMATION AND GUIDANCE.



Physical Inventory

- Claimants are required to take a physical inventory at the end of each quarter (27 CFR 17.157)
- If the claimant does not claim any drawback for a quarter, they are not required to take a physical inventory, but they must still file the supporting data for the claim period

Alcohol and Tobacco Tax and Trade Bureau

Intermediate Products



Intermediate Products

- Products to which all three of the following conditions apply:
 - Made with taxpaid distilled spirits,
 - Disapproved for drawback, and
 - Made by manufacturer exclusively for its own use in the manufacture of an approved formula.
- Industry can only claim on the distilled spirits used in the intermediate product once it is used in the approved formula and that product is a completed product

27 CFR 17.126 and 17.185

Alcohol and Tobacco Tax and Trade Bureau

Recovered Alcohol

- If you will be recovering spirits and you have a distilling apparatus on your premises, you will need to register your still per 27 CFR 29.55(a) and give notice per 17.168 of the recovery intent; this letter must be filed with the NRC

27 CFR 17.153 and 17.168

...Every person having possession, custody, or control of any still or distilling apparatus set up shall...register the still or distilling apparatus, except that a still or distilling apparatus not used or intended for use...is not required to be registered. Registration...describing the still or distilling apparatus on the registration or permit application...under 26 U.S.C. chapter 51 or...on a letter application, and filing the application with the appropriate TTB officer. Approval of the application by the appropriate TTB officer will constitute registration of the still or distilling apparatus.



Recovered Alcohol (Cont'd)

- Distilled spirits recovered in the manufacture of a nonbeverage product are considered as having been used in the manufacture of that product
- If the spirits were eligible when so used, they became subject to drawback at that time
- Upon recovery, such spirits may be reused in the manufacture of nonbeverage products, but shall not be reused for any other purpose
- When reused such recovered spirits are not again eligible for drawback and shall not be used in the manufacture of intermediate products

Alcohol and Tobacco Tax and Trade Bureau



Monthly Claims

- A bond must be filed on TTB Form 5154.3
- Claims are filed for every calendar month or quarterly
- Claimants may file 2 months in the same quarter together; they are not locked into filing monthly (they just have the option by filing the bond)

Alcohol and Tobacco Tax and Trade Bureau

Bond Requirements and Types of Bonds

FORM APPROVAL (OMB NO 1513-0116 (03/30/2009))

DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU
BOND FOR DRAWBACK UNDER 26 U.S.C. 5131
MANUFACTURERS OF NONBEVERAGE PRODUCTS
(File in duplicate. See instructions below)

PRINCIPAL (See instructions 2, 3 and 4)		ADDRESS OF BUSINESS OFFICE (Number, Street, City, State, ZIP Code)	
Name of Company & State Inc or Organized		Corporate Address	
SURETY(IES)		ADDRESS OF MANUFACTURING PREMISES (Number, Street, City, State, ZIP Code)	
Surety company		Manufacturing address	
KIND OF BOND (Check appropriate)		AMOUNT OF BOND	EFFECTIVE DATE
<input checked="" type="checkbox"/> ORIGINAL		<input type="checkbox"/> STRENGTHENING	<input type="checkbox"/> SUPERBONDING

If first bond, would be original →

United States, for the payment of _____ we bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

This bond must not in any case be effective before the above date, but if accepted by the United States it must be effective according to its terms on and after that date without notice to the obligor. Provided, That if no effective date is inserted in the space provided therefore, the date of execution shown below must be the effective date of the bond.

WHEREAS, the principal has used, and/or intends to use from time to time pursuant to the provisions of 26 U.S.C. 5131, distilled spirits on which all internal revenue taxes have been paid or determined in the manufacture or production of medicines, medicinal preparations, food products, flavors, favoring extracts, or perfume unfit for beverage purposes, in accordance with laws and regulations now or hereafter in force, and

WHEREAS, the principal has filed and/or intends to file monthly a claim for allowance of drawback on such distilled spirits pursuant to said laws and regulations, with the authorized official of the Alcohol and Tobacco Tax and Trade Bureau, and

WHEREAS, it is intended by this bond in the event of failure by the principal to satisfy the authorized official of the Alcohol and Tobacco Tax and Trade Bureau that the tax on the distilled spirits on which drawback was claimed was paid or determined and the distilled spirits were used in accordance with laws and regulations in the manufacture or production of medicines, medicinal preparations, food products, flavors, favoring extracts, or perfume unfit for beverage purposes, and a claim for allowance of drawback on such distilled spirits has been paid, the obligors must refund to the United States an amount equal to the amount of the drawback so allowed and paid.

NOW, THEREFORE, the conditions of this bond are such that if the principal:

1. Must comply with the provisions of 26 U.S.C. 5131 - 5134, and regulations issued pursuant thereto now or hereafter in force respecting the use of distilled spirits in the manufacture or production of medicines, medicinal preparations, food products, flavors, favoring extracts, or perfume unfit for beverage purposes; and
2. Must furnish evidence satisfactory to the authorized official of the Alcohol and Tobacco Tax and Trade Bureau that (a) the tax on such distilled spirits was paid or determined, and (b) such spirits were used in accordance with laws and regulations in the manufacture or production of products as aforesaid unfit for beverage purposes.

Then this obligation must be void, otherwise to remain in full force and effect.

And we, the obligors, for ourselves, our heirs, executors, administrators, successors, and assigns, do further covenant and agree that upon the breach of any of the covenants of this bond, the United States may pursue its remedies against the principal or surety independently, or against both jointly, and the said surety hereby waives any right or privilege it may have of requiring, upon notice, or otherwise, that the United States must first commence action, inherein in any action of any nature whatsoever already commenced, or otherwise exhaust its remedies against the principal.

WITNESS our hands and seals this _____ day of _____ in the year _____

Signed, sealed, and delivered in the presence of:

<p>_____</p> <p>_____</p> <p>2 Witness signature if no corporate seal</p>	<p>_____</p> <p>_____</p> <p>Signed by principal & Surety Name & Title</p>
--	---

Date signed by Surety & Principal →

Corp. & Surety Seal →

SEAL
SEAL
SEAL
SEAL
SEAL

TTB F 51343 (03/30/09)

Types of Bonds

- Original Bond — for first bond filed for new company or for change in ownership
- Superseding Bond — replaces previous bonds filed
- Strengthening Bond — increases original bond amount

Important Information on Bonds

- Must be submitted in duplicate originals to the NRC
- Are signed by NRC Director; then one is placed in claimant's file and one is mailed back to company
- Must use our forms — surety companies cannot use altered forms when filing these forms with the NRC

Bond Calculation

- How much bond does a claimant need?
 - You need to decide what the amount of drawback for one quarter is and that is the bond amount that will be required (e.g., Jan file for \$20,000, Feb file for \$20,000, and March file for \$20,000, you would need at least a \$60,000 bond)
 - Minimum bond coverage is \$1,000 and maximum is \$200,000
 - If there is not sufficient bond coverage your claim will be either held or rejected in full until such coverage is obtained

Alcohol and Tobacco Tax and Trade Bureau

Bond Termination

- Bonds are valid until one of the following situations:
 - Notice by surety is provided to the NRC to cancel the bond (27 CFR 17.112)
 - Superseding bond is provided (27 CFR 17.108)
 - Principal notifies NRC of their intent to discontinue filing claims on a monthly basis

Alcohol and Tobacco Tax and Trade Bureau

Supporting Data



Supporting Data – TTB Form 5154.2

- All claims for drawback must be accompanied by supporting data; claimant may use their own form **ONLY** if it has all information that is on the TTB form
- To calculate Proof Gallon:
 - Take Wine Gallon (WG) (Actual Gallon) multiplied by proof of alcohol = Proof Gallon (PG)

Alcohol and Tobacco Tax and Trade Bureau



Four Parts of Supporting Data

- **Part I** — name and address of claimant and period covered (monthly or quarterly)
- **Part II** — provides a balancing report of spirits received and used; must check physical inventory block
- **Part III** — identifies the products manufactured
- **Part IV** — additional information – if huge gain or loss explain it here
- **MUST BE** signed under Penalty of Perjury Statement

Alcohol and Tobacco Tax and Trade Bureau

DEPARTMENT OF THE TREASURY ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (TTB) SUPPORTING DATA FOR NONBEVERAGE DRAWBACK CLAIMS (PLEASE READ INSTRUCTIONS BELOW BEFORE COMPLETING THIS FORM)					PAGE ____ OF ____
PART I - IDENTIFICATION DATA					
1. NAME AND ADDRESS OF CLAIMANT Name & Address of Claimant				2. PERIOD COVERED (Check one) <input type="checkbox"/> QUARTER <input type="checkbox"/> MONTH ENDING: Check Period	
PART II - DISTILLED SPIRITS ACCOUNT (IN PROOF GALLONS, EXCEPT LINES 1-2)					
Was a physical inventory taken per 27 CFR 17.167(a)? (Check one) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> check		New Spirits (eligible, not previously used in intermediate or nonbeverage products) (a)	SPIRITS RECOVERED In the Manufacture of Intermediate Products (eligible spirits) (b) In the Manufacture of Nonbeverage Products (ineligible spirits) (c)		Eligible Spirits Content of Intermediate Products (d)
1. KIND (optional, except for Puerto Rican or U.S. Virgin Islands spirits, and imported rum)		Alcohol or Rum or other spirits			
2. EFFECTIVE TAX RATE PER PROOF GALLON		Usually \$13.50		\$	\$
3. ON HAND, START OF PERIOD		Will match on hand at end of previous period			
4. IN PROCESS, START OF PERIOD		Will match in process at end of previous period			
DURING PERIOD:	5. RECEIVED	Amt of Spirits Received			
	6. RECOVERED	Amt Recovered must have still registered			
	7. PRODUCED				
8. GAINS		Gains + Rec'd more than ordered or paid for			
9. TOTAL TO ACCOUNT FOR (add lines 3-8)		Total 1 - 8 - Cannot subtract			
DURING PERIOD:	10. USED IN NONBEVERAGE PRODUCTS	Will match column F on Part III			
	11. USED IN INTERMEDIATE PRODUCTS	Amt of Intermediates		Amt of Intermediate	
	12. OTHERWISE USED (not subject to drawback)	Used in Lab, testing etc			
13. LOSSES		Losses = spillage			
14. ON HAND, END OF PERIOD		On hand at end of Quarter			
15. IN PROCESS, END OF PERIOD		In Process end of Quarter			
16. TOTAL ACCOUNTED FOR (add lines 10-15)		Total of 10-15 Cannot subtract			

TTB F 5154.2 (07/2007)



Rejections on Claims

- A portion of the claim may be rejected for:
 - Failure to have an approved formula on file
 - Failure to deduct an inventory gain
 - Claiming beyond the first decimal place
 - Inventory gain (27 CFR 17.167) – you will not obtain drawback on inventory gains

Alcohol and Tobacco Tax and Trade Bureau

Penalties

- Penalties the NRC can enforce include:
 - Claim not timely filed
 - Formula not timely filed
 - Product not manufactured in accordance with the approved formula
 - No physical inventory taken for the quarter
 - Recordkeeping

27 CFR 17.148(b) and
26 U.S.C. 5134(c)(1)

- The claimant will receive a penalty letter from the NRC outlining their rights and the statute time for submitting a reasonable cause, amended supporting data, or an amended formula before the penalty is imposed
- If the information submitted was correct you do not have to do anything, and we will impose the penalty at the end of the statute time outlined in your letter



Reasonable Cause 27 CFR 17.148(c)

- Reasonable cause exists where a claimant establishes it exercised ordinary business care and prudence, and still was unable to comply with the statutory and regulatory requirements
- Ignorance of laws or regulations is not reasonable cause
- Each case is individually evaluated by NRC management

27 CFR 17.148(c)

Alcohol and Tobacco Tax and Trade Bureau

Increasing Adjustments



Increasing Adjustments

- Claim may be increased for:
 - Drawback is computed using an incorrect tax rate
 - Amended data are received
 - Approved formulas received that were previously rejected

Alcohol and Tobacco Tax and Trade Bureau



Reopening of Claims

- NRC will not reopen a claim for adjustment; the adjustments would be given on the next claim
- EXCEPTION:
 - If the check is returned to Treasury and specialist is notified by RAS (Revenue Accounting Section)
 - If this was the last claim to be filed for company due to going out of business

Alcohol and Tobacco Tax and Trade Bureau



Corrections Requested

- If you have incorrect information on your claim, you will be notified by the specialist and informed as to what needs to be corrected
- You also might receive a 15-day letter informing you of the corrections and if not received within the 15 days allotted your claim will be rejected in full

Alcohol and Tobacco Tax and Trade Bureau

Records



Records 27 CFR 17.161—17.171

- Each person claiming drawback on taxpaid distilled spirits used in MNBPs shall maintain records showing the required information
- No particular form is prescribed for these records, but the required data shall be clearly recorded and organized for TTB auditors to:
 - Trace each operation or transaction
 - Monitor compliance with law and regulations
 - Verify the accuracy of each claim

Alcohol and Tobacco Tax and Trade Bureau



Types of Records

- Receipt of distilled spirits
- Evidence of taxpayment of distilled spirits
- Production record
- Receipt of raw ingredients
- Disposition of nonbeverage products
- Inventories
- Recovered spirits
- Transfer of intermediate products

Alcohol and Tobacco Tax and Trade Bureau



Retention of Records

- Each manufacturer shall retain (for not less than 3 years):
 - All required records
 - Copy of all claims and supporting data filed
 - All commercial invoices or other documents evidencing tax payment or tax determination of domestic spirits
 - All documents evidencing tax payment of imported spirits
 - All bills of lading received which pertain to shipments of spirits
- All records shall be kept at the place of manufacturing and shall be readily available during an audit

27 CFR 17.170 — 17.171

Alcohol and Tobacco Tax and Trade Bureau

Changes That Must Be Reported



Changes that Must be Reported

- **Change in Location** — if monthly claimant must file a superseding bond
- **Change in Postal Address** — same information as in change in location
- **Change in Name** — must submit amended articles of incorporation or amended organizational documents, superseding bond if monthly claimant; letter stating the date of change

Alcohol and Tobacco Tax and Trade Bureau



Changes that Must be Reported (Cont'd)

- **Change in Stock Control** — by letterhead
- **Change in Proprietorship** — must start over like a first time claimant; file new signing authority/power of attorney, original bond if monthly claimant, merger or purchasing agreement and letterhead to adopt the formulas (27 CFR 17.125)

Alcohol and Tobacco Tax and Trade Bureau



Changes that Must be Reported (Cont'd)

- **Permanent Discontinuance (27 CFR 17.187):**
 - Claimant must notify NRC when business is to be discontinued
 - Upon discontinuance of business, a manufacturer's entire stock of taxpaid distilled spirits on hand may be sold in a single sale without qualifying as a wholesaler
 - The spirits may be returned to the person from whom purchased or they may be destroyed or given away

Alcohol and Tobacco Tax and Trade Bureau



Summary

- MNBP — the six categories
- Eligibility claim requirements
- Timely claim and formula filing
- Intermediate products
- Requirements for recovered alcohol

Alcohol and Tobacco Tax and Trade Bureau



Summary (Cont'd)

- Bond requirements and types of bonds
- Supporting data required for claim
- Difference between rejection, penalty, and increasing adjustments
- Required records
- Changes that must be reported to NRC

Alcohol and Tobacco Tax and Trade Bureau



Questions?

- Please contact an NRC Specialist in the Spirits Tax Unit at:
 - TTB, NRC
Room 8002 FOB
550 Main Street
Cincinnati, Ohio 45202
 - 1-877-882-3277

Alcohol and Tobacco Tax and Trade Bureau