Subpart A -- Scope

§ 201.1 General. The regulations in this part relate to distilled spirits plants and cover the location, construction, equipment, qualification, and operation of such establishments. August 5, 1957.

§ 201.2 Territorial extent. This part applies to the several States of the United States, the Territories of Alaska and Hawaii, and the District of Columbia. (68A Stat. 911; 26 U.S.C. 7701) August 5, 1957.

§ 201.3 Applicability to Puerto Rico and the Virgin Islands. The provisions of this part relating to production, bonded warehousing, and withdrawal of (1) denatured spirits and (2) spirits for the purposes authorized in section 5214(a)(2) and (a)(3), I.R.C., for shipment to the United States, except as provided in section 5314(c), shall extend and apply to Puerto Rico and the Virgin Islands, and to the shipment of such spirits and denatured spirits to the United States. (Stat. ; 26 U.S.C. 5314) August 8, 1957.

Discussion

Comments on the new law point out that this section (5314) is a new provision of law. It also provides for articles made from denatured distilled spirits but reference to such articles has been purposely omitted here because it is understood that products made from denatured distilled spirits will be dealt with in other regulations.

§ 201.4 Status of previously qualified establishments. Notwithstanding any other provision of this part, the location, construction, arrangement, and method of operation of any establishment (subject to this part) qualified to operate on June 30, 1958, may be approved if they afford adequate security to the revenue. All establishments constructed and all changes approved after June 30, 1958, must conform with this part. (5178) August 8, 1957.

§ 201.5 Related regulations. Procedural and substantive instructions dealing with operations which are related to the regulations in this part, will be found in the regulations listed below:

26 CFR Part 170 - Miscellaneous Regulations Relating to Liquor

26 CFR Part 175 - Traffic in Containers of Distilled Spirits

26 CFR Part 186 - Gauging Manual

26 CFR Part 196 - Stills

26 CFR Part 197 - Drawback on Distilled Spirits Used in Manufacturing Nonbeverage Products

26 CFR Part 200 - Rules of Practice in Permit Proceedings

26 CFR Part 211 - Dealers and Users of Denatured Distilled Spirits

26 CFR Part 212 - Formulas for Denatured Distilled Spirits

26 CFR Part 213 - Users of Tax-Free Distilled Spirits

26 CFR Part 231 - Taxpaid Wine Bottling Houses

26 CFR Part 240 - Wine

26 CFR Part 252 - Drawback on Liquors Exported

26 CFR Part ___ - Importation and Exportation of Distilled Spirits, Wines, and Beer

August 9, 1957.

August 5, 1957

Subpart B -- Definitions

§ Meaning of Terms. When used in this part, where not otherwise distinctly expressed or manifestly incompatible with the intent thereof, terms shall have the meaning ascribed, as follows:

Alcohol. Distilled spirits of 160 degrees or more of proof for industrial use.

Application for registration. The application required under Section 5171(a), I.R.C., to be filed by every distiller, warehouseman, rectifier, or bottler of spirits.

Approved containers. Portable containers of wood, metal, or glass having a capacity of one gallon or more; pipelines and bulk conveyances (unless specifically excluded); and such other containers as the Director may approve.

Assistant regional commissioner. An assistant regional commissioner (alcohol and tobacco tax) who is responsible to, and functions under the direction and supervision of, a regional commissioner of internal revenue.

Basic permit. A formal document authorizing the person named to engage in a business or activity under the Federal Alcohol Administration Act.

Bonded premises. The part of a distilled spirits plant authorized for the production, storage, denaturation, or bottling of spirits, prior to payment or determination of tax.

Bonded warehouse or warehouse. The part of the bonded premises in which spirits are stored prior to withdrawal from bond.

Bottler. A proprietor of a distilled spirits plant authorized to bottle spirits.

Bottling-in-bond department. The part of the bonded premises in which spirits are bottled in bond.

Bottling premises. The premises of a distilled spirits plant in which rectification or bottling of tax determined spirits is authorized.

Bottling season. The season during which spirits are bottled in bond.

Bulk conveyance. Any tank car, tank truck, tank ship, or tank barge, or other vessel approved for the conveyance of spirits.

Carrier.

C.F.R. The Code of Federal Regulations.

Collector of customs. The person having charge of a customs collection district, the assistant collector of customs, deputy collector of customs, and any person authorized by law or by regulations approved by the Secretary to perform the duties of a collector of customs.

Commissioner. The Commissioner of Internal Revenue.

Completely denatured spirits or completely denatured alcohol. Denatured spirits in which the denaturants are of such a nature that such denatured spirits may be sold and used within certain limitations without permit and bond.

Completions. The spirits products bottled and cased or otherwise packaged or placed in approved containers for removal from the bottling premises.

Container. Any receptacle, vessel, or form of package, bottle, tank, or pipeline used, or capable of use, for holding, storing, transferring, or conveying spirits.

Denaturant or denaturing material. A material required to be added to spirits to render such spirits unfit for beverage or internal human medicinal use.

Denatured spirits or denatured alcohol. Spirits to which prescribed denaturants have been added.

Denaturing facilities. The facilities of the bonded premises in which the denaturation of spirits is conducted.

Director. The Director, Alcohol and Tobacco Tax Division, Internal Revenue Service, Treasury Department, Washington 25, D. C.

Distilled spirits or spirits. The substance known as ethyl alcohol, ethanol, spirits, or spirits of wine, and all dilutions and mixtures thereof, from whatever source or by whatever process produced, including alcohol, whisky, brandy, rum, gin, and vodka, but not denatured spirits unless specifically stated.

Distilled spirits plant. An establishment qualified for the production, bonded storage, rectification, or bottling of spirits.

Distiller. The proprietor of a distillery.

Distillery. The part of a distilled spirits plant, as described in the application for registration, used for the production of spirits.

Distilling material. Any alcoholic material intended for use in the production of spirits.

District director. A district director of internal revenue.

Export or exportation. A severance of goods from the mass of things belonging to the United States with the intention of uniting them to the mass of things belonging to some foreign country.

Fermenting material. Any material which is to be subjected to a process of fermentation to produce spirits.

Fiscal year. The period from July 1 of the calendar year through June 30 of the following year.

Gallon or wine gallon. A United States gallon of liquid measure equivalent to the volume of 231 cubic inches.

Includes and including. Do not exclude things other than those enumerated which are in the same general class.

Inclusive language. Words in the plural include the singular, and vice versa, and words imparting the masculine gender include the feminine, as well as persons, proprietors, and permittees defined in this section.

Industrial use permit. The formal, written authorization issued pursuant to section 5271(a), I.R.C., conferring authority to engage in a business or operation of the nature described therein.

Internal revenue officer. An officer of the United States Internal Revenue Service who is under the direction and supervision of an assistant regional commissioner (alcohol and tobacco tax).

I.R.C. The Internal Revenue Code of 1954.

Laboratory analysis or test. The testing of spirits and products containing spirits by chemical, biological, or physical process, or by organoleptic examination.

Operating permit. The formal written authorization issued pursuant to section 5171(b), I.R.C., conferring authority to engage in a business or operation described therein.

Package. Any cask, barrel, drum, or similar portable approved container.

Person. An individual, a trust, estate, partnership, association, company, or corporation.

Proof. The ethyl alcohol content of a liquid at 60 degrees Fahrenheit, stated as twice the percent of ethyl alcohol by volume contained in the liquid.

Proof of distillation. The composite proof of the spirits at the time the production gauge is made, or, if the spirits had been reduced in proof prior to the production gauge, the proof of the spirits prior to such reduction, unless the spirits are subsequently redistilled at a higher proof than the proof prior to reduction.

Proof gallon. A United States gallon which contains one-half of its volume of ethyl alcohol of a specific gravity of .7939 at 60 degrees Fahrenheit referred to water at 60 degrees Fahrenheit as unity, or the alcoholic equivalent thereof.

Proprietor. The person qualified to operate a distilled spirits plant.

Recovered denatured spirits. Denatured spirits (except completely denatured spirits recovered with all of the original denaturants therein) or articles containing denatured spirits (except articles recovered with all of their original ingredients), which have been saved, reclaimed, salvaged, and restored (where necessary), after use in a manufacturing process.

Rectification. Any act constituting engaging in the business of rectifying.

Rectified spirits. The product of rectification.

Rectifier. Every person who rectifies, purifies, or refines spirits or wines by any process (other than by original and continuous process

from mash, wort, wash, or any other substance, through continuous closed vessels and pipes, until the production thereof is complete), and every person who, without rectifying, purifying, or refining spirits, shall, by mixing such spirits, wine, or other liquor with any other material, manufacture any spurious, imitation, or compound liquors for sale, under the name of whisky, brandy, rum, gin, wine, spirits, cordials, or wine bitters, or any other name, shall be regarded as a rectifier, and as being engaged in the business of rectifying.

Rectifying premises. The premises of a distilled spirits plant in which rectification, bottling, or packaging of taxpaid spirits or wine is authorized to be conducted.

Region. An internal revenue region.

Regional commissioner. The regional commissioner in each of the internal revenue regions.

Sealed conveyance.

Season. The period from January 1 through June 30 is the spring season and the period from July 1 through December 31 is the fall season.

Secretary. The Secretary of the Treasury.

Specially denatured spirits or specially denatured alcohol. Denatured spirits in which the denaturants are of such a nature that the product may be used in a greater number of specified arts and industries than completely denatured spirits, but, except as provided by law, may be sold, possessed, and used only pursuant to permit and bond.

Stillage. The residue distilling material after distillation.

Tank car. A railroad tank car conforming to the requirements of this part.

Tank truck. A tank equipped semitrailer, trailer, or truck conforming to the requirements of this part.

Tax gallon. The unit of measure of spirits for the imposition of tax. When spirits are 100 degrees of proof or more, the tax is imposed on the proof gallon. When spirits are less than 100 degrees of proof, the tax is imposed on the wine gallon.

Taxpaid bottling premises. The premises of a distilled spirits plant in which the bottling or packaging of taxpaid spirits and wine is authorized.

Taxpaid spirits. Spirits on which the tax has been determined, as well as those on which the tax has actually been paid.

Transfer in bond. The removal of spirits from one bonded premises to another bonded premises pursuant to this part.

Unfinished spirits. Any spirits prior to production gauge.

United States. The States, the Territories of Alaska and Hawaii, and the District of Columbia.

U.S.C. The United States Code.

Wine. All kinds and types of wine having not in excess of 24 percent of alcohol by volume.

Wine spirits. Brandy or fruit spirits produced in a distilled spirits plant exclusively from fresh or dried fruit, or their residues, or the wine or wine residue therefrom.

Subpart E - Location and Use

§ 201.100 Restrictions as to location. Distilled spirits plants shall not be established in any dwelling house, or in any shed, yard, or enclosure connected with any dwelling house, or on board any vessel or boat, or on premises where beer or wine is produced, or liquors of any description are retailed, or (except as provided in § 201.102) on premises where any other business is carried on. (5178) August 5, 1957.

§201.101 Warehousing facilities not on production premises. A warehouse to be located elsewhere than on or contiguous to the premises of a plant qualified for the production of spirits may be approved by the Director if sufficient need therefor is shown to warrant the expense of supervision. August 8, 1957.

§ 201.102 Use of premises. The premises and equipment of a distilled spirits plant will be used for the purpose of distilling, warehousing, rectifying, or bottling, as stated in the application for registration. Where the proprietor desires to use such premises and equipment, or any portion thereof, for other businesses, he will include the proposed use in the application for registration. The assistant regional commissioner shall not approve the application until the Director has found that such use will not jeopardize the revenue, hinder effective administration of this part, or be contrary to law. Such other business shall not be carried on until the application has been approved. (5171, 5178) August 5, 1957.

Note: The instructions relative to review and approval by the Director may well be removed to internal management documents.

§ 201.103 Separation of premises. The continuity of bonded premises must be unbroken except where separated by public thoroughfares, waterways, or carrier rights-of-way, Provided: That the assistant regional commissioner may approve bonded premises consisting of separate areas if he finds that the separated areas can be supervised economically and effectively and that the revenue would not be jeopardized thereby. August 5, 1957.

Subpart H - Construction and Equipment

§ 201.215 Protection of the premises. The bonded premises of a distilled spirits plant must be so arranged, constructed, and protected as to afford adequate security to the revenue at all times. Where the assistant regional commissioner finds the construction, arrangement, and protection are not adequate he will require additional security (such as walls, fences, flood lights, alarm systems, and watchman service) to be provided. August 5, 1957.

§ 201.216 Emergency entrance. Where personnel or property are in imminent danger from fire, flood, or other disaster and it is impractical to first obtain authorization from the internal revenue officer, Government seals or locks may be removed by the proprietor, or by police or firemen, for the purpose of avoiding or reducing the danger. When such action is taken, the proprietor shall see that a guard is provided to prevent illegal removal of spirits and, as soon as practical, shall notify the internal revenue officer of the action taken and shall submit a report to the assistant regional commissioner describing the action. (7805 I.R.C.) August 5, 1957.

§ 201.217 Means of ingress and egress. The proprietor must provide means of ingress and egress between a public thoroughfare and the distilled spirits plant, whereby he shall insure access to the premises by internal revenue officers at any time. Where means of ingress and egress are over

other than the distilled spirits plant premises, the proprietor shall describe such means in his application and furnish a consent to insure use thereof by internal revenue officers. August 5, 1957.

§ 201.218 Locking of premises. Any building, room, or enclosure on bonded premises not secured by Government lock, in which spirits (including denatured spirits) are held must be kept securely locked by the proprietor in the absence of himself, his agents, or his employees. The proprietor shall furnish the assistant regional commissioner as many keys to such locks as may be required by him. August 5, 1957.

Discussion

The section will require proprietors of distilled spirits plant to keep his premises locked at all times in the absence of himself or his agents or employees while distilled spirits are held on the premises and such spirits are not under Government lock.

§ 201.219 Signs. Each distilled spirits plant shall be identified by a sign placed conspicuously on the outside thereof and exhibiting in legible and durable letters (a) the name of the proprietor, (b) the designation of the kind of business in which engaged, and (c) the registry number. Where a plant designation, such as industrial alcohol plant, registered distillery, or rectifying plant, has obtained commercial and public significance, the distilled spirits plant may be identified by such a designation if appropriate. (5180, H.R. 7125) August 5, 1957.

§ 201.220 Identification of structures, areas, apparatus, and equipment. Each room or enclosed area where spirits, distilling or fermenting material, or containers are contained, and each building, within the distilled spirits plant premises shall be appropriately designated as to use. Each tank or stationary receptacle for distilled spirits shall be marked to show its serial number, capacity, and use. Where tanks are used for multiple purposes, such uses must be indicated. Each still shall be numbered, and marked to show its use. All other major equipment used for processing or containing spirits or distilling or fermenting material, and all tanks, shall be identified as to use, unless the intended use thereof is readily apparent. August 8, 1957.

Discussion

This section continues requirements of existing regulations regarding identification of rooms, buildings, and enclosures, and for the marking of tanks and equipment.

§ 201.221 Required buildings. No building or enclosed structure need be provided at a distilled spirits plant except that a building or enclosed structure must be provided where

(a) spirits (including denatured spirits) are

(i) drawn into packages

(ii) gauged in packages

(iii) bottled

(iv) stored in approved containers (except bulk conveyances); or

(b) denaturing materials are stored in portable containers; or

(c) spirits are denatured in portable containers; or

(d) spirits (including denatured spirits) or denaturing materials are weighed. August 8, 1957.

§ 201.222 Government office. The proprietor of the distilled spirits plant shall provide office facilities on the distilled spirits plant premises for the exclusive use of Government officers, as determined by the assistant regional commissioner to be necessary to facilitate the performance of supervisory and administrative duties and for safeguarding Government records and property. Such office facilities shall be adequately equipped, lighted, ventilated, and heated, and shall be subject to the approval of the assistant regional commissioner. August 5, 1957.

§ 201.223 Railroad sidings and marine facilities. Where spirits are to be received at or removed from a distilled spirits plant in tank cars, tank ships, or barges, suitable siding or dock facilities shall be provided. (5178(a)(1), H.R. 7125) August 5, 1957.

Production Facilities

§ 201.224 Closed distilling system. The distilling system shall be continuous and closed at all points where potable or readily recoverable spirits are present, and shall be so designed, constructed, and connected as to prevent the unauthorized removal therefrom without detection of such spirits and of distilling material and stillage from which spirits would be readily recoverable. The security of the closed distilling system shall be maintained by Government locks, seals, or other approved devices or methods. Processing equipment not susceptible of being locked or sealed must be located in a room equipped for locking with a Government lock, or otherwise protected in the same manner as the closed system. August 8, 1957.

§ 201.225 Tanks. All tanks used in distilled spirits plants as receptacles for spirits shall be so constructed and equipped as to be suitable for the intended purpose and so located as to permit ready examination thereof. Such tanks shall be so equipped that the flow of spirits into and out of the tanks may be controlled by Government locks or seals, or by such other devices or methods as the Director may approve. A suitable device shall be provided whereby the contents of each tank can be accurately measured. All openings in such tanks shall be equipped for securing with Government locks or seals or be otherwise secured to prevent unauthorized removal, without detection, of spirits or the addition of substances thereto. Suitable walks, landings, and steps must be provided to afford safe access to all places on tanks where the presence of an internal revenue officer is required. Tanks used for weighing spirits shall be permanently mounted on a scale and shall be located in a room or building or otherwise protected from the elements so as to insure accurate weighing. August 8, 1957.

§ 201.226 Pipelines. Pipelines for the conveyance of spirits (including denatured spirits) within the premises of the distilled spirits plant, or into or away therefrom, shall be of permanent character and so constructed, connected, and arranged as to afford adequate protection to the revenue and to permit of proper supervision. Pipelines for the conveyance of spirits (including denatured spirits) within the bonded premises of a distilled spirits plant, or into or away therefrom shall, in addition, be so constructed and equipped that all openings and fittings therein may be secured by Government locks or seals, or by other approved devices or methods, so as to prevent unauthorized access to the spirits without detection. Detachable hose connections will not be permitted on bonded premises except for

loading and unloading bulk conveyances. August 8, 1957.

§ 201.227 Securing pipelines. Where fittings on pipelines are not secured by welding or brazing, the proprietor must prepare them for sealing with seals, locking with Government locks, or securing by such other method as the Director may approve. The assistant regional commissioner may require additional security measures when, in his opinion, the method used does not afford adequate security. All preparations for securing pipelines, including labor and materials (except seals), shall be by the proprietor. Seals will be affixed under the supervision of an internal revenue officer. August 8, 1957.

§ 201.228 Identification of pipelines. Pipelines for the conveyance of the following substances shall be identified, by painting or by striping, in the colors indicated:

Finished and unfinished spirits	Blue
Denaturants and denatured spirits	Green

Pipelines for which a color is not prescribed shall not be painted or striped with one of the prescribed colors. Where striping is employed, the stripes must be of such size and at such intervals as will permit ready tracing of the pipeline. The assistant regional commissioner may require such additional marking or identification of pipelines as he may deem necessary to enable ready determination of use or destination. August 8, 1957.