INDUSTRY CIRCULAR
DEPARTMENT OF THE TREASURY
Bureau of Alcohol, Tobacco and Firearms
Washington, D.C. 20226
Number: 77-19 Date: September 19, 1977

IMPLEMENTATION INSTRUCTIONS FOR TREASURY DECISION ATF-46

To Proprietors of Distilled Spirits
Plants and Others Concerned:

PURPOSE. This circular is issued to provide you with a reprint of Treasury Decision ATF-46, amending 27 CFR Parts 170, 173, 186, 194, 201, 250, 251, and 252 (published in the FEDERAL REGISTER of September 6, 1977, to be effective January 1, 1978); to highlight some of the more significant changes, to provide you with information necessary to implement certain provisions of the revised regulations, and to announce that ATF will present a series of informational meetings to better acquaint industry members with the provisions of the new regulations.

BACKGROUND. Treasury Decision ATF-46, generally prescribes revised requirements for the records and reports system at DSP bottling premises, amends regulatory provisions concerning the sealing of conveyances of distilled spirits, and revises procedures for preparing and disposing of numerous DSP transaction forms. Specific changes (outlined in the preamble to the Treasury decision) include: (1) provisions for waiver of one of the two required physical inventories of controlled stock; (2) use of letterhead application for approval and use of distinctive liquor bottles, in lieu of ATF Form 4329; (3) transfer, from ATF officers to plant proprietors, of the responsibility for sealing conveyances used to transport spirits; (4) use of commercial records in lieu of ATF Form 122; (5) transfer of custody of distilled spirits stamps from ATF officers to plant proprietors; (6) requirement for maintenance of records of proof and fill tests; (7) waiver of requirement for submission of ATF Form 338 for wholesalers (including DSP wholesalers); and (8) provision for relief from recording case serial numbers of dispositions by distilled spirits plant wholesalers, upon approval of an application submitted to the regional regulatory administrator.

APPROVAL OF LETTERHEAD APPLICATIONS. The revised regulations provide for variation from certain regulatory requirements pursuant to approval of letterhead applications. Specifically, DSP proprietors may be relieved of the requirement of recording the serial numbers of cases of distilled spirits disposed

of on invoices pursuant to approval of an application submitted to their regional regulatory administrator. In addition, the revised regulations provide for waiver of one of the required physical inventories of controlled stock on approval by the regional regulatory administrator, and also on application to the regional regulatory administrator, the required inventory (ies) may be taken on dates other than June 30 and December 31.
In order to provide proprietors full benefit of these changes as quickly as possible, applications will be processed by regional regulatory administrators prior to the effective date of the regulations; however, operations conducted pursuant to these approvals may not commence until the effective date of the Treasury decision.

DUMP AND BATCH RECORDS. The revised regulations provide for use of commercial records instead of ATF Form 122, to record the dumping of spirits and the preparation of batches on DSP bottling premises. Several individuals have inquired about the possibility of utilizing ATF Form 122 as their commercial record. The Bureau does not object to use of ATF Form 122 as the commercial dump and/or batch record, provided the information entered on the form meets the new requirements in 27 CFR 201.432 (including requirements for recording nonalcoholic ingredients). This rationale also applies to proprietors utilizing combination forms (e.g., combinations of ATF Forms 179-122-2637 or 122-2637).

PROOF AND FILL TEST RECORDS. DSP proprietors will be required to maintain daily records of the results of all proof and fill tests made. Although this is a new requirement, the Bureau believes that most DSP proprietors currently maintain these records.

ATF ASSISTANCE WITH RESPECT TO NEW COMMERCIAL RECORDS. One of the purposes of conversion from Government forms to commercial records is to eliminate the necessity for duplicate recordkeeping, while maintaining information necessary for the Bureau to determine compliance with applicable laws and regulations. Two of the most important requirements with respect to such commercial records, are that the format and arrangement of such records must clearly and adequately reflect the operations, and that such records must be readily accessible to ATF officers for inspection and copying. If you have questions as to whether your commercial records comply with these requirements, do not hesitate to contact the ATF officer assigned to your plant, or if none is assigned, contact your area supervisor.

SEALING OF CONVEYANCES BY PROPRIETORS. One of the major changes effected by the Treasury decision will require the use

of serially numbered seals, or locks or other devices on conveyances used to transport spirits in bond, and withdrawn taxpaid, free of tax, or without payment of tax. Proprietors will be required to obtain the Director's approval of the seals, locks, or other devices used on conveyances used to transport spirits in bond, and withdrawn free of tax or without payment of tax. Such approval will not be required for seals, locks or other devices used on conveyances for transporting taxpaid spirits, denatured spirits in bond or denatured spirits withdrawn without payment of tax. Please note that the regulations provide an exception whereby regional regulatory administrators may require proprietors to have conveyances sealed by ATF officers using Government seals. This prerogative will be primarily exercised in instances where shipment of spirits in non-Government sealed conveyances might pose a jeopardy to the revenue. Proprietors who will be required to continue the system of Government sealed conveyances will be notified by their regional regulatory administrator in advance of the effective date of the revised regulations.

Those proprietors who will utilize commercial seals should submit them to the Bureau at the following address for approval:

Bureau of Alcohol, Tobacco and Firearms
ATTN: Chief, Chemical Branch
1200 Pennsylvania Avenue, NW.
Washington, DC 20226

ATF FORM 338 -- WHOLESALE LIQUOR DEALER'S SEMIANNUAL REPORT. The revised regulations provide for waiver of submission of Form 338 by DSP proprietors, except in instances where the regional regulatory administrator determines that submission is necessary to law enforcement and protection of the revenue. DSP proprietors who are required to continue preparation and submission of Form 338 will be notified by the regional regulatory administrator prior to the effective date of the revised regulations.

TRANSFER OF DISTILLED SPIRITS STAMPS TO PROPRIETORS. In order to effect an orderly transfer of distilled spirits stamps from the custody of the alcohol, tobacco and firearms officer to the custody of the proprietor, the distilled spirits stamps should be jointly inventoried by such officer and the proprietor as of close of business the last business day prior to the effective

date of the revised regulations. The proprietor will submit a requisition on ATF Form 428 to the ATF officer to obtain custody of stamps. The ATF officer will render a final report on ATF Form 2739, thereby terminating his custody of the stamps. The proprietor will record receipt of the stamps (on ATF Form 2260) from the ATF officer. Proprietors are reminded that the regulations provide for subsequent requisition of distilled spirits stamps from the regional regulatory administrator; and that daily records of distilled spirits stamp transactions are required to be maintained.

BOTTLE STRIP STAMPS. Proprietors should note that the revised regulations provide for the requisition of bottle strip stamps directly from the regional regulatory administrator rather than the ATF officer.

SUMMARY OF FORMS CHANGES.

ATF Form 122 - Bottler's Dump and Batch Record.

Form eliminated. Proprietor's commercial records will be used in lieu of Form 122.

ATF Form 179 - Withdrawal of Spirits Tax Determined.

Form revised to facilitate reporting of multiple gauges of same product from a single tank using one Form 179. Also, distilled spirits stamps used will be reported by proprietor rather than assigned officer. Some minor changes are included in the revision.

ATF Form 206 - Withdrawal of Spirits, Specially Denatured Spirits, or Wines for Exportation.

Form will be prepared as a notice for withdrawal of spirits or wines without payment of tax, except when the exporter is not the proprietor of the bonded premises from which the spirits or wines are withdrawn. Written approval by ATF will only be required when the form is submitted and processed as an application.

ATF Form 236 - Transfer of Spirits or Denatured Spirits in Bond.

Form will be prepared as a notice rather than an application for the transfer of spirits in bond.

ATF Form 244 - Tank Certificate.

Form eliminated. A certification of accurate calibration of tanks shown in the notice of registration will be required.

ATF Form 257 - Withdrawal of Wine Spirits to Bonded Wine Cellar.

Instructions on form revised to conform to new procedures for processing ATF Forms 2629 and 2630.

ATF Form 332 - Statements by Kinds, Seasons and Years of Production of Spirits in Bonded Warehouses.

Instructions on form revised to require original to be sent to regional regulatory administrator directly rather than through ATF officer. Clarifying instructions relating to reporting of mingled spirits, and blended brandy or rum, are also included.

ATF Form 338 - Wholesale Liquor Dealer's Semiannual Report.

Instructions on form revised. Wholesale liquor dealers (including DSP wholesalers) will submit the report only when required by the regional regulatory administrator. Report will be submitted by 15th day of month following report period rather than by the 10th.

ATF Form 428 - Requisition for Bottle Strip Stamps.

Form revised to include ordering of distilled spirits stamps by proprietor as well as bottle strip stamps. Strip stamps and distilled spirits stamps will be ordered directly from regional regulatory administrator by proprietors of DSP's rather than through the ATF officer.

ATF Form 1515 - Distilled Spirits Bottled in Bond.

Form revised to delete blocks for entering trade name and verification by ATF officer. Conforming changes to the instructions also made.

ATF Form 1577 - Destruction of Spirits.

Form revised to be a notice for destruction of spirits in bond. Form will continue to be an application for destruction of spirits withdrawn from bond on payment or determination of tax for rectification or bottling.

ATF Form 1582 - Drawback on Distilled Spirits Exported.

Form revised to delete references to Form 122 and substitute the term "dump and batch record" where applicable.

ATF Form 1583 - Certificate of Director of Customs of Collection of Internal Revenue on Imported Distilled Spirits and Wine.

Form eliminated.

ATF Form 2260 - Quarterly Report of Bottle Strip Stamps.

Form revised to include reporting for distilled spirits stamps as well as strip stamps. Title changed to "Quarterly Report of Bottle Strip Stamps or Distilled Spirits Stamps." Instructions revised to require report to be submitted to regional regulatory administrator by 15th of month following end of the quarter rather than to assigned officer by 10th of the month following quarter.

ATF Form 2546 - Report of Spirits Mingled Under 26 U.S.C. 5234(a)(2).

Form instructions revised to require report to be forwarded to regional regulatory administrator with a copy to the ATF officer. Instructions have also been clarified.

ATF Form 2609 - Application for Transfer of Spirits and/or Denatured Spirits in Bond.

Form instructions revised to provide for distribution of copies by the applicant rather than by ATF officer.

ATF Form 2610 - Change in Status of Plant.

Form instructions revised to eliminate sending copies of form to regional regulatory administrator except when form is filed as a notice or as an application to alternate proprietors.

ATF Form 2612 - Taxpaid Spirits Returned to Bonded Premises.

Form revised to eliminate verification by ATF officer. Instructions revised to provide that the proprietor will forward the original and related forms to the regional regulatory administrator.

ATF Form 2629 -Gauge Report.

Form instructions revised so that ATF officer will sign form only when spirits (filled in wooden packages) are to be tax-determined on the original gauge and the gauge is made by the ATF officer (27 CFR 201.269(b)). The proprietor will also distribute all copies of form as provided in revised instructions.

ATF Form 2630 - Package Gauge Report.

Form instructions revised so that ATF officer will sign form only when spirits (filled in wooden packages) are to be tax-determined on the original gauge and the gauge is made by the ATF officer.

ATF Form 2633 - Withdrawal of Spirits Free of Tax.

Form revised to be a notice rather than an application. Form instructions revised to provide for distribution of copies by proprietor.

ATF Form 2634 - Denaturation of Spirits.

Form revised to eliminate signature by ATF officer and to provide for distribution of form by proprietor.

ATF Form 2637 - Bottling Tank Report.

Form revised to substitute block for "batch number" rather than "serial number on Form 122," to add a block for recording obscuration, to eliminate block for recording trade names and to eliminate blocks for recording verification by the ATF officer. Form instructions revised to conform with above changes and to eliminate requirement to forward copy to regional regulatory administrator.

ATF Form 2730 -Monthly Report of Production Operations.

Form instructions revised to have original forwarded to regional regulatory administrator by proprietor and a copy delivered to the ATF officer.

ATF Form 2731 - Monthly Report of Bonded Storage Operations.

Form revised to eliminate blocks for acknowledging receipt by ATF officer. Form instructions revised to have copy delivered to ATF officer and the original forwarded to the regional regulatory administrator by proprietor.

ATF Form 2732 -Monthly Report of Denaturing Operations.

Form revised to eliminate blocks for acknowledging receipt by ATF officer. Form instructions revised to have a copy delivered to the ATF officer and the original forwarded to the regional regulatory administrator by proprietor.

ATF Form 2733 - Monthly Report of Bottling Premises Operations.

Form instructions revised to have a copy delivered to the ATF officer and the original forwarded to the regional regulatory administrator by the proprietor.

ATF Form 4329 - Application & Authorization to Use Distinctive Liquor Bottles.

Form eliminated. A letter application for approval of distinctive liquor bottles will be used in lieu of a form.

ATF Form 4738 - Notice and Gauge of Spirits Returned to Bottling Premises.

Form revised to provide for dumping and gauging of returned spirits in the immediate presence of an ATF officer and to eliminate the report of supervision (Part IV). Form instructions revised to conform to the form changes.

INFORMATIONAL MEETINGS. The Bureau anticipates holding informational meetings for industry members in regions where this would be helpful prior to the effective date of the regulations. Interested industry members should contact their regional regulatory administrator so that meetings can be arranged. Interested industry members will be notified when the locations and dates of such meetings are established.

INQUIRIES. Inquiries concerning this circular should refer to its number and be addressed to the Assistant Director (Regulatory Enforcement), Bureau of Alcohol, Tobacco and Firearms, 1200 Pennsylvania Avenue, NW, Washington, DC 20226.

John G. Krogman

John G. Krogman
Acting Director

DEPARTMENT OF THE TREASURY

Bureau of Alcohol, Tobacco and Firearms

Treasury Decision ATF - 46

Distilled Spirits Plants
Proprietors and Others
Concerned

Title 27—Alcohol, Tobacco Products and Firearms

CHAPTER I—BUREAU OF ALCOHOL, TOBACCO AND FIREARMS, DEPARTMENT OF THE TREASURY

[T.D. ATF-46; Re: Notice No. 303]

RECORDS AND REPORTS FOR DISTILLED SPIRITS PLANT BOTTLING PREMISES, TRANSFER OF RESPONSIBILITY FOR SEALING CONVEYANCES, AND CHANGES IN THE PREPARATION AND DISPOSITION OF DISTLILLED SPIRITS PLANT TRANSACTION FORMS

AGENCY: Bureau of Alcohol, Tobacco and Firearms.

ACTION: Final rule.

SUMMARY: The rule resulted from an extensive study concerning (1) revision of the records and reports systems for distilled spirits plant bottling premises, (2) amendment of provisions concerning the sealing of conveyances of distilled spirits, and (3) the preparation and disposition of certain distilled spirits plant transaction forms. The regulatory changes made in this Treasury decision create a more modern system of records and reports for distilled spirits plants that is compatible with sound business practice and efficient government administration, and at the same time provide adequate protection to the revenue and to the interests of the consumer.

EFFECTIVE DATE: January 1, 1978.

FOR FURTHER INFORMATION CONTACT:

Norris Alford, Specialist, Rulings Branch, Bureau of Alcohol, Tobacco and Firearms, Federal Building, 1200 Pennsylvania Avenue NW., Washington, D.C. 20226 (202-566-7626).

SUPPLEMENTARY INFORMATION:

BACKGROUND

The Bureau of Alcohol, Tobacco and Firearms (ATF) published a notice of proposed rulemaking in the FEDERAL REGISTER of September 17, 1976 (41 FR 40118). The notice proposed revision of the records and reports system for distilled spirits bottling premises, and amendment of provisions concerning the sealing of conveyances of distilled spirits and the preparation and disposition of certain distilled spirits plant transaction forms. Comments or suggestions on the proposed regulations were invited.

In response to the notice of proposed rulemaking, written comments were submitted by 14 distilled spirits industry members, three industry trade associations, one agency of the Federal Government, one agency associated with a state government, and a Federal Government employees union. Additional input was also received from ATF regional offices. The following summaries of the proposed regulations and comments are organized as to subject area:

SUMMARY OF PROPOSED REGULATIONS, COMMENTS, AND CHANGES PURSUANT TO COMMENTS

1. *Part 170—Miscellaneous Regulations Relating to Liquors.*—The proposals provided for more flexibility in scheduling physical inventories of controlled stock by amending regulations to (1) provide for waiver of one of the two required physical inventories upon application to the regional regulatory administrator and pursuant to a finding that two such inventories are not necessary to law enforcement or protection of the revenue; and (2) permit the required inventories to be taken on dates other than June 30 and December 31, on approval of an application filed with the regional regulatory administrator.

Controlled Stock Inventories. Two industry members commented on the proposed amendment of regulations concerning controlled stock physical inventories. The proposed regulations provide for waiver of one of the required controlled stock physical inventories on application to the regional regulatory administrator, and also, on application to the regional regulatory administrator, the required inventories may be taken on dates other than June 30 and December 31. One commenter indicated that the proposed requirement that inventories be six months apart is too restrictive. The commenter added that it may be to the proprietor's and ATF's advantage to take an inventory at a time other than exactly at a six month interval, due to availability of personnel, low inventories, or holidays. The Bureau did not intend that physical inventories be taken at exact six-month intervals. Therefore, the regulations are amended to clarify that the inventories should be taken at intervals approximately six months apart. This will provide regional regulatory administrators greater discretion when approving alternate dates for inventories.

The second comment we received on this subject suggested that it should not be mandatory to adjust controlled stock gallonage when other inventories (whether complete or partial) are taken, to check counts and to help maintain reliability status of inventories. Although the comment is beyond the scope of the proposed regulations, we point out the provisions of Revenue Ruling 68-219, which provides that whenever any gains or losses of controlled stock are discovered by any inventory, whether it be a complete inventory or only a partial inventory, such gains or losses should be entered into the daily summary of removals from controlled stock. The Bureau maintains that recording of gains or losses disclosed by any inventory is necessary to maintain the accuracy of controlled stock records.

(§ 170.59 further amended.)

2. *Part 173—Returns of Substances, Articles, or Containers, Part 250—Liquors and Articles from Puerto Rico and the Virgin Islands,* and *Part 251—Importation of Distilled Spirits, Wines, and Beer.*—Revised procedures for the approval and use of distinctive liquor bottles were proposed. The proposed changes would eliminate the requirement for submission of ATF Form 4329, "Application and Authorization to Use Distinctive Liquor Bottles," but would incorporate pertinent information appearing on that form into the letterhead application currently submitted to the Director.

Distinctive liquor bottles. Several comments were received concerning the proposal to eliminate ATF Form 4329, "Application and Authorization to Use Distinctive Liquor Bottles," and incorporate pertinent information that appears on that form into a letterhead application submitted to the Director. The United States Customs Service found that elimination of Form 4329 would not cause them any difficulties, since the proposed regulations would require Customs officials at each affected port of entry to be furnished with a copy of the approved letterhead application to authorize the release of the imported bottles, whether empty or filled, from Customs custody. The Customs service indicated, however, that the approved application, without a photograph, would not sufficiently identify to Customs the approved excep-

tions to the marking requirements for distinctive bottles. They proposed that an approved copy of both the letterhead application and a photograph of the bottle be submitted to Customs at each port where the merchandise will be examined. Finally, the Customs service commented that merchandise may be entered, for example, for immediate transportation under bond which normally does not involve examination. Therefore, they recommended the regulations provide that Customs officials be furnished a copy of the approved application and photograph at each affected port of entry "where the merchandise is examined." The Bureau agrees with these suggestions; and the final regulations contained in this document incorporate the recommendations. DSP proprietors and importers should note that the new regulations will require applications for distinctive liquor bottles to be accompanied by ten photographs rather than nine photographs. This will permit the Bureau to return an approved photograph to the proprietor or importer for subsequent forwarding to Customs.

Several comments were received concerning the requirement that the letterhead application for approval contain the location of the ports of entry for distinctive bottles imported or brought into the United States. All of the commenters on this subject suggested that the letterhead application not be required to show the location of the ports of entry. Instances were cited where, due to unforeseen circumstances, the importer would have to use ports of entry not listed in his original application, thereby necessitating submission of a new or amended application. The Bureau agrees that this information will not need to be shown on the application, since other regulatory requirements will provide that the importer or bottler is responsible for furnishing Customs officials a copy of the application at all ports of entry where the merchandise will be examined. The applicable regulations note this change.

(§§ 173.34, 201.540d, 250.314, and 251.204 further amended.)

3. *Part 186—Gauging Manual.*—Procedures for the proper testing of bottle fill were proposed to be added to the "Gauging Manual". The proposed regulations prescribed methods to be used in determining bottle fill (e.g., volumetrically, by weight), equipment to be used in measuring bottle fill, and precautions to be observed in testing bottle fill.

Proof and Fill Tests of Bottled Spirits. The Bureau's proposals (1) requiring maintenance of daily records of proof and fill tests of bottled spirits, (2) requiring proprietors to submit a description of their proof and fill test procedures to their regional regulatory administrator for his evaluation and approval, and (3) establishing procedures in the "Gauging Manual" (27 CFR Part 186) which describe proper methods for testing bottle quantity (fill), elicited numerous comments. The majority of the commenters addressing this proposal indicated that existing regulations are adequate to both safeguard the revenue and protect the consumer; and the proposals are so detailed, rigid and specific that an additional and unnecessary workload would be placed on the proprietor. Several commenters indicated that commercial records of proof and fill tests are maintained; however, the format of the records may vary even among plants operated by the same proprietor. In addition, several commenters stated that the procedures for conducting proof and fill tests may vary from plant to plant due to mechanical variations, types and sizes of products bottled, and different plant personnel who record the tests. Several industry members who utilize graduated glass flasks for conducting fill tests indicated that the proposals in Part 186 concerning the permissible proof tolerance for flasks were too rigid and would require the acquisition of additional expensive equipment.

The Bureau carefully evaluated all comments on the proof and fill test proposals and determined that certain changes in our proposals are feasible and justifiable. We found that the detailed testing guidelines proposed in Part 186 would not be feasible due to the wide variation of procedures currently utilized by the industry. The Bureau is also aware that these variations could create difficulty in the administration of detailed testing procedures. For these reasons the Bureau is withdrawing the proposals requiring submission of a description of proof and fill test procedures to regional regulatory administrators for evaluation and approval, and the proposals establishing guidelines in Part 186 which describe proper methods for testing bottle fill. The regulations being adopted instead will provide simply that the regional regulatory administrator may require corrective measures if he finds that a proprietor's testing procedures do not protect the revenue and ensure the label accuracy of the bottled product. In consideration of the proposed requirement for maintenance of proof and fill test records, the Bureau recognizes that many industry members currently maintain records that adequately reflect test information. However, there are some that do not. The Bureau feels that such records are necessary to reflect compliance with existing regulations and indicate that bottle filling operations are being monitored by the proprietors through the performance of proof and fill tests. For these reasons, the regulation being adopted will retain the requirement for daily maintenance of proof and fill test records however, the format of the records will not be prescribed by regulations. Where the format or arrangement of the daily records do not indicate whether the proprietor is conducting tests in an acceptable manner, the regional regulatory administrator may require a format or arrangement which will clearly and accurately reflect proof and fill test information.

(Proposed §§ 186.52–.58 deleted; §§ 201.333, 201.459, 201.470k further amended.)

4. *Part 194—Liquor Dealers.*—A. The proposed regulations deleted the regulations that require wholesale liquor dealers to record the serial number of distilled spirits cases received.

Serial Numbering Cases of Distilled Spirits. Another commenter suggested that sections 27 CFR 194.225 and 194.226 be clarified concerning the proposed requirement that both records of receipt and disposition show package identification numbers. The recording requirement for package identification numbers applies only to wholesale liquor dealers who package and sell alcohol for industrial purposes, as provided in Part 194, Subpart R. The commenter indicated that the introduction of a new term, "package identification number," is confusing since the majority of wholesale liquor dealers receive distilled spirits in cases and not in packages (e.g., barrels, drums).

The Bureau realizes that this term could be confusing for wholesalers who do not conduct activities in this area, and could, therefore, create problems in recordkeeping. Therefore, the regulations in Part 194 are amended to clarify this possible problem.

(§§ 194.225, 194.226, and 194.237 further amended.)

B. The proposed changes also provided that wholesalers could be relieved of the requirement of preparing and submitting Form 338, "Wholesale Liquor Dealer's Semiannual Report." No comments were received concerning this proposal.

5. *Part 201—Distilled Spirits Plants.*—A. The proposed regulatory revisions included:

(1) Addition of the provision for relief from recording case serial numbers of dispositions by distilled spirits plant proprietors who conduct wholesale liquor dealer operations, upon approval of a written application submitted to their regional regulatory administrator.

Serial numbering cases of distilled spirits. The regulations in the notice proposed elimination of the requirement for wholesale liquor dealers (other than those connected with the operation of a distilled spirits plant) to record the serial numbers of cases of bottled distilled spirits in their daily records of receipt and disposition. The proposals also provided for elimination of the requirement for distilled spirits plant proprietors (who conduct wholesale liquor dealer operations in connection with their plant) to record case serial numbers of receipts. The requirement for recording case serial numbers of cases of bottle distilled spirits plant wholesalers was, however, proposed to be retained, with the proviso that proprietors may be relieved from this requirement pursuant to approval of a written application submitted to their regional regulatory administrator.

Several industry members commented that no distinction should be made between wholesalers and distilled spirits plant wholesalers with respect to the re-

cording requirement. The commenters recommended that the recording requirement be eliminated for all wholesalers without any requirement for approval by the regional regulatory administrator.

The Bureau believes that a distinction is necessary between wholesalers and distilled spirits plant proprietors who conduct wholesale liquor dealer operations for this reason: distilled spirits plant wholesalers, unlike other wholesalers, maintain inventories of cased distilled spirits (controlled stock) on which the internal revenue tax has been determined, but not paid. The availability of case serial numbers assists ATF inspectors in making a spot check or a complete audit to determine the validity of a proprietor's controlled stock inventory. For this reason, the regulations are adopted as proposed.

(2) Elimination of the requirement for submission of Form 338, "Wholesale Liquor Dealer's Semiannual Report", by distilled spirits plant proprietors who conduct wholesale liquor dealer operations, operate taxpaid storerooms, or operate other storage premises from which distilled spirits are not sold at wholesale.

Form 338. The Bureau received a comment from an industry trade association concerning our proposal for waiver of the requirement for submission of ATF Form 338, "Wholesale Liquor Dealer's Semiannual Report." The commenter suggested that the proposed requirement in § 194.231, which requires wholesalers to apply for waiver of the submission of Form 338, should parallel the proposed required in § 201.634 for distilled spirits plant proprietors who conduct wholesale liquor dealer operations, thereby providing for automatic waiver of the submission requirement The Bureau agrees that providing for automatic waiver of the submission requirement would avoid a measure of unnecessary paperwork for both the industry and the Bureau. The regulations in Part 194 are amended to make this change.

(§§ 194.231, 194.233, and 194.238 further amended.)

(3) Transfer, from ATF officers to plant proprietors, the responsibility for sealing conveyances used to transport spirits, and

(4) Changes involving distilled spirits plant transaction forms that would convert certain application-type forms to notice-type forms, require submission of advance copies of transaction forms to an ATF officer to inform him of an operation or transaction before it commences, and require the proprietor to distribute completed copies of transaction forms or reports in accordance with instructions on the form.

Sealing of conveyances by proprietors/preparation and distribution of transaction forms. The Bureau received numerous comments concerning proposals to transfer from ATF officers to distilled spirits plant proprietors the responsibility for sealing conveyances of spirits and to amend requirements for the preparation and distribution of transaction forms. The majority of the comments objected to the proposed amendments and suggested their implementation be postponed pending resolution of "joint custody" statutory provisions by the Advisory Committee on Distilled Spirits Plant Supervision. The Advisory Committee was chartered in 1975 for the purpose of formulating recommendations to the Director concerning possible statutory changes governing ATF supervision at distilled spirits plants.

Both proposed changes involve, in essence, transferring from the Bureau to DSP proprietors responsibility for ensuring that various plant operations and related records meet regulatory requirements. This is part of a process of eliminating direct Government supervision of proprietors' operations, and substituting instead post-audits of proprietors' records, that has been under way for many years. The changes proposed may be made, however, without statutory changes. The Advisory Committee was, of course, considering whether or not the Bureau should seek legislation allowing it to eliminate certain types of direct supervision currently required by law (an affirmative recommendation was recently forwarded to the Director by the Advisory Committee). For these reasons the regulatory changes are adopted as proposed in the notice.

(5) Providing for use of commercial dump and batch records in lieu of Form 122, "Bottlers Dump and Batch Record".

Dump and Batch Records. One industry member commented that the additional requirement for the listing of quantities of non-alcoholic ingredients in commercial dump and batch records (which will replace ATF Form 122, "Bottler's Dump and Batch Record") is an extra and unnecessary paperwork burden. The commenter stated that products which are rectified are covered by approved formulas which specify the amount of each ingredient, usually in terms of percentage, which is to be added to the product; therefore, they could see no reason to duplicate this information on the batch record. The Bureau believes that the listing of non-alcoholic ingredients in batch records is a necessary and justifiable requirement. Although non-alcoholic ingredients are not required to be recorded on Form 122, this information is necessary to determine compliance with approved formulas. Non-alcoholic ingredients such as harmless colorings, flavorings and blending materials are limited to not more than 2½% by volume of the finished product; otherwise the class and type of the distilled spirits product would be altered. In addition, the presence of coloring, flavoring, and blending materials must be stated on the brand label or on a back label of distilled spirits products. These factors clearly indicate the importance of entering non-alcoholic ingredients on batch records, since they may be used by ATF officers when performing product integrity inspections. The proposal for requiring batch records to identify quantities of non-alcoholic ingredients is, therefore, adopted.

(6) Transfer of custody of distilled spirits stamps from ATF officers to proprietors.

Distilled Spirits Stamps. One comment was received concerning the proposal to transfer custody of distilled spirits stamps from ATF officers to proprietors. The commenter indicated that the requirement for proprietors to maintain inventories and control of distilled spirits stamps is reasonable. Another portion of this comment was, however, beyond the scope of the proposed regulations. The commenter proposed that the use of distilled spirits stamps be restricted to containers removed from the distilled spirits plant. This proposal will be considered in future Bureau studies.

(7) Changes that would require proprietors of bottling premises to maintain daily records of proof and fill tests for bottled distilled spirits and to submit descriptions of their proof and fill test procedures to their regional regulatory administrator for evaluation and approval. Comments and changes made pursuant to this proposal are summarized under item 3 (Proof and Fill Tests of Bottled Spirits).

(8) Revised procedures for approval and use of distinctive liquor bottles. Comments and changes made pursuant to this proposal are summarized under item 2 (Distinctive Liquor Bottles).

(9) Elimination of the requirement for attaching copies of labels or code symbols to bottling forms.

Recording of case serial numbers by trade name. In conjunction with the proposal to eliminate the need for attaching labels to bottling tank transaction forms, the requirement for listing case serial numbers by trade name on the bottling tank transaction form was retained with the proviso that such information could be listed instead on commercial records. An industry member objected to retention of the requirement to record trade names by serial number.

The industry member indicated that supporting records are normally maintained by daily production, by brand name, or by customer order, but not by trade name. The commenter added that the listing of case serials by trade name is an exceedingly burdensome and time consuming requirement which serves no useful purpose.

The Bureau has reevaluated the proposal that would continue to require recording of case serial numbers by trade name, and determined that the requirement can be eliminated. The final regulations simply provide that bottling tank forms bear the serial numbers of cases bottled from a specific lot of spirits.

(§§ 201.342, 201.470, and 201.470p further amended.)

B. *Form 244, Tank Certificate.* One comment was received regarding the proposal to eliminate Form 244, "Tank

Certificate," and require instead a statement of certification of accurate calibration describing the tanks to appear in the proprietor's notice of registration. The commenter interpreted the proposed amendment to require a change in the plant registration within 60 days of a change in calibration, instead of the current letterhead application regarding certification of accuracy of tanks. The commenter added that changes in tank calibration or installation of new tanks should be covered by letterhead notices where this is the only change taking place. The Bureau did not anticipate the necessity for proprietors to immediately file an amendment to their notice of registration. Pursuant to § 201.174, changes with respect to plant equipment may be reflected in the next amendment of the notice of registration, unless immediate amendment is required by the regional regulatory administrator. This procedure should provide minimum inconvenience for proprietors.

6. *Part 252—Exportation of Liquors.* A. Proposals included revision of the procedures for preparation and submission of Form 206, "Withdrawal of Spirits for Exportation," similar to changes in other distilled spirits plant transaction forms (as discussed in the paragraph concerning amendments to Part 201).

B. Form 1583, "Certificate of Director of Customs of Collection of Internal Revenue Tax on Distilled Spirits or Wines," was also proposed to be eliminated. No comments were received concerning this proposal.

TECHNICAL, CLARIFYING AND CONFORMING CHANGES

Regional regulatory administrator. Treasury decision ATF-32 (41 FR 44038), announced a basic reorganization of the Bureau of Alcohol, Tobacco and Firearms effective December 1, 1976. One of the major features of the reorganization was elimination of the position of regional director, with assumption of his duties by other regional and field officials. The regional official who assumed the regulatory enforcement duties of the regional director was designated as the "regional regulatory administrator" (formerly the assistant regional director—regulatory enforcement). Therefore, the term "regional regulatory administrator" is inserted in the sections referring to the "regional director".

(§§ 170.59, 186.11, 194.225, 194.226, 194.231, 194.233, 194.237, 201.100, 201.120, 201.312, 201.368, 201.368a, 201.432, 201.466, 201.487, 201.532, 201.540d, 201.543, 201.550, 201.551, 201.551a, 201.625, 201.631, 201.634, 250.314, 251.204, 252.11, 252.118, 252.163, and 252.195a, further amended.)

Definitions of Customs officials. The Bureau is adopting updated definitions for officials and officers of the U.S. Customs Service, pursuant to recommendations made by the Customs Service.

(§ 252.11 further amended.)

Determining date of original entry for mingled spirits. Section 201.303 provides criteria for determining the date of original entry for spirits mingled on bonded premises. That section establishes (1) the date of original entry (date of production gauge of spirits) for spirits consolidated for further storage in bond to be the date of original entry for the youngest spirits mingled in that lot; (2) the date of original entry for the mingling of homogeneous spirits to be the date of original entry of the oldest spirits mingled in that lot; (3) that appropriate transaction forms shall show the dates of original entry of both the oldest and youngest spirits in the lot; and (4) that transaction records for the mingled spirits in a tank be examined at least once a calendar year to update the date of the oldest spirits.

The Bureau is clarifying the provisions of § 201.303 due to apparent confusion on the part of many industry members as to the applicability of this section. The use of the words "oldest" and "youngest", which carry connotations of age, has caused several proprietors to anticipate more than § 201.303 actually intends. The primary purpose for determining the date of original entry and necessary updating of warehouse records for mingled spirits is for ensuring compliance with the 20-year bonding period ("force-out") requirements of 26 U.S.C. 5006; therefore, the Bureau believes that using the terms "earliest produced" and "latest produced", rather than "oldest" and "youngest" would avoid this age connotation and fulfill the intent of the "force-out" provision of the law and regulations.

(§ 201.303 amended.)

Marks on tanks. The Bureau is liberalizing the provisions in 27 CFR 201.522, with respect to marks required to appear on tanks containing spirits and wines. We have received several comments stating that the requirement for tanks to be marked to show the kind of product contained therein is too restrictive. The Bureau agrees that permanent marking of tanks is unnecessarily restrictive, particularly as to the kind of spirits (*e.g.*, bourbon whisky, rye whisky, scotch whisky) since many tanks are used for multiple purposes and it would pose a burden for proprietors to change the permanent marks each time the tank was used for different kinds of spirits. Therefore, the revised regulations require that the tanks be marked, but provide that such marks may consist of attachment of or reference to a transaction form or memorandum describing the contents of the tank.

(§ 201.522 amended.)

Filing of Forms 2610 and 1577. Proprietors of distilled spirits plants are required to provide notice on Form 2610 of suspension, commencement, or resumption of production operations. The form is filed with the assigned officer, if any; otherwise the form is filed with the regional regulatory administrator. The purpose of the notice is to provide the Bureau with an opportunity to arrange for supervision of operations. In addition, application to destroy spirits which have been withdrawn from bond is required to be filed with the assigned officer, if one is regularly assigned; otherwise the application is filed with the regional regulatory administrator. The Bureau believes that it would be more beneficial for both DSP proprietors and ATF to provide for submission of these forms to their area supervisors rather than regional regulatory administrators when an officer is not regularly assigned to a DSP. This will provide for more expeditious handling of the forms and the resultant approval of specific operations.

(§§ 201.261, 201.561 further amended.)

Miscellaneous changes. Several changes to correct typographical errors are made in this document.

(§§ 173.34, 201.243, 201.342, 201.369 amended.)

(Sec. 26 U.S.C. 7805 (68A Stat. 917).)

The Bureau is establishing a 116-day period prior to implementation of these regulations to permit proprietors to make necessary changes in their recordkeeping systems to prepare for the revised regulatory requirements, to provide ample time for approval of seals to be used on bulk conveyances of distilled spirits, and to provide ample time for approval of application for variations from certain regulatory requirements (e.g., alternate date for controlled stock inventories). The Bureau will publish an Industry Circular providing additional information regarding implementation of the revised regulations, forms, and procedures.

Drafting information: The principal author of this document is Norris Alford of the Rulings Branch, Bureau of Alcohol, Tobacco and Firearms. However, personnel from other offices of the Bureau participated in developing the regulation in matters of substance.

Authority and issuance: Except as otherwise noted, these regulations are issued under the authority contained in 26 U.S.C. 7805 (68A Stat. 917).

Signed: August 2, 1977.

REX D. DAVIS,
Director.

Approved: August 24, 1977.

BETTE B. ANDERSON,
Under Secretary of the Treasury.

PART 170—MISCELLANEOUS REGULATIONS RELATIVE TO LIQUOR

PARAGRAPH 1. Section 170.59 is revised to provide for flexible scheduling of physical inventories of controlled stock. As amended, § 170.59 reads as follows:

§ 170.59 Inventories of controlled stock.

(a) *Inventories.* (1) Each proprietor of bottling premises shall establish an inventory, in proof gallons, of his controlled stock on hand as of the close of each return period.

(2) The inventory shall differentiate between stocks of mixtures and products which derive less than half of their proof gallon content from tax-determined spirits and other controlled stocks.

(b) *Physical inventories.* (1) Physical inventories shall be taken for the return periods ending June 30, and December 31, each year, and for other return periods as may be required by the regional regulatory administrator.

(2) On approval of an application filed in duplicate with the regional director, required physical inventories may be taken on dates other than June 30, and December 31, if the dates established for taking such inventories:

(i) Coincide with the end of a return period, and

(ii) Are approximately six months apart.

(3) On approval of the application, the designated inventory dates shall take effect with the first inventory scheduled to be taken within six months of the previous June 30, or December 31, inventory.

(4) Physical inventories may be taken within a period of a few days before or after June 30, or December 31 (or other dates approved by the regional regulatory administrator), if:

(i) Such period does not include more than one complete weekend; and

(ii) Necessary adjustments are made to reflect pertinent transactions, so that the recorded inventories will agree with the actual quantities of controlled stock on hand at the prescribed times.

(c) *Waiver of physical inventory.* (1) The regional regulatory administrator, on receipt of an application filed in duplicate, may relieve a proprietor of the requirement of taking the June 30, or December 31 (or other date as approved under the provisions of paragraph (b) of this section) physical inventory, if he finds that only one such inventory during any 24 consecutive return periods is necessary to law enforcement or protection of the revenue.

(2) The regional regulatory administrator may reimpose the requirement for the waived inventory if he finds that it is necessary to law enforcement or protection of the revenue.

(d) *Notification of physical inventory.* Whenever a physical inventory of controlled stock is to be taken, the proprietor shall, at least 5 business days in advance, notify the assigned alcohol, tobacco and firearms officer, if any, otherwise the area supervisor, of the date and time he will take such inventory.

(e) *Supervision of physical inventories.* Physical inventories required under the provisions of this section shall be taken under such supervision, or verified in such manner, as the regional regulatory administrator may require.

PART 173—RETURNS OF SUBSTANCES, ARTICLES, OR CONTAINERS

PAR. 2. Section 173.33 is revised to (1) eliminate reference to Form 4329, and (2) provide for the application to be made in letter form. As revised, § 173.33 reads as follows:

§ 173.33 Indicia for domestic liquor bottles.

There shall be legibly blown, etched, sand-blasted, marked by underglaze coloring, or otherwise permanently marked by any method approved by the Director, on each liquor bottle (a) the words "Liquor Bottle" and (b) the bottle manufacturer's number assigned under § 173.32: *Provided,* That distinctive liquor bottles not bearing the indicia required by this section may be manufactured on receipt from a bottler or importer of a copy of an application, in letter form, approved by the Director. Additional information, such as the bottler's or importer's permit number, may also be permanently placed on the liquor bottles by the manufacturer thereof provided such information does not conflict with information required to be placed on labels and is so located as not to obscure indicia required by this section or interfere with the labeling or stamping of the bottle, when filled, as provided in Parts 201, 250, and 251 of this chapter.

PAR. 3. Paragraphs (a) and (b) of § 173.34 are revised to (1) eliminate reference to Form 4329, and (2) provide for the application to be made in letter form. As revised paragraphs (a) and (b) read as follows:

§ 173.34 Indicia for imported liquor bottles.

(a) *Empty liquor bottles.* There shall be legibly blown, etched, sand-blasted, marked by underglaze coloring, or otherwise permanently marked by any other method approved by the Director, on each imported empty liquor bottle (1) the words "Liquor Bottle" and (2) the city or country of address of the bottle manufacturer (either in the language of such country or in English): *Provided,* That empty distinctive liquor bottles not bearing such indicia may be released from customs custody, as excepted from the marking requirements of this paragraph, on receipt by the customs officer at the port of entry where the merchandise is examined of a copy of the application, in letter form (accompanied by an approved photograph of the distinctive bottle), approved by the Director, covering the use of such bottles.

(b) *Filled liquor bottles.* There shall be legibly blown, etched, sand-blasted, marked by underglaze coloring, or otherwise permanently marked by any method approved by the Director, on each imported filled liquor bottle (1) the words "Liquor Bottle" and (2) the city or country of address of the manufacturer of the spirits, or of the exporter abroad, or the city of address of the importer in the United States; or, in the case of domestic bottles exported and filled abroad, the indicia required under § 173.33: *Provided,* That filled distinctive liquor bottles not bearing such indicia may be imported pursuant to an application (in letter form and approved by the Director) filed by the importer, as excepted from the marking requirements of this paragraph. The city or country of address of the manufacturer of the spirits or of the exporter abroad may be in the language of such country or in English.

* * * * *

PART 186—GAUGING MANUAL

PAR. 4. Section 186.11 is amended, in alphabetical order, by revising the definition of "Director", and by adding the definition of "Regional regulatory administrator". As amended, § 186.11 reads as follows:

§ 186.11 Meaning of terms.

* * * * *

Director. The Director, Bureau of Alcohol, Tobacco and Firearms, the Department of the Treasury, Washington, D.C.

* * * * *

Regional regulatory administrator. The principal regional official responsible for administering regulations in this part.

* * * * *

PAR. 5. Section 186.41 is revised to provide for the multiple gauging of spirits. As revised, § 186.41 reads as follows:

§ 186.41 Bulk spirits.

When spirits (including denatured spirits) are to be gauged by weight in bulk quantities, the weight shall be determined by means of weighing tanks, mounted on accurate scales. Before each use, the scales shall be balanced at zero load; thereupon the spirits shall be run into the weighing tank and proofed as prescribed in § 186.31: *Provided,* That with regard to proofing, bulk spirits being withdrawn on multiple gauges in accordance with the provisions of § 201.374a of this chapter, from tanks approved for such withdrawals, may be withdrawn on the basis of the proof determined for the first such gauge that day: *Provided,* That where the spirits are to be reduced in proof as authorized by this chapter, the spirits shall be so reduced before final determination of the proof. The scales shall then be brought to a balanced condition and the weight of the spirits determined by reading the beam to the nearest graduation mark. From the weight and the proof thus ascertained, the quantity of the spirits in proof gallons shall be determined by reference to table No. 4: *Provided,* That in the case of spirits which contain solids in excess of 600 milligrams per 100 milliliters, the quantity in proof gallons shall be determined by first ascertaining the wine gallons per pound of the spirits and multiplying the wine gallons per pound by the weight, in pounds, of the spirits

being gauged and by the true proof (determined as prescribed in § 186.31) and dividing the result by 100. The wine gallons per pound of spirits containing solids in excess of 600 milligrams per 100 milliliters shall be ascertained by:

(a) Use of a precision hydrometer and thermometer, in accordance with the provisions of § 186.23, to determine the apparent proof of the spirits (if the specific gravity at the temperature of the spirits is not more than 1.0) and reference to table No. 4 for the wine gallons per pound; or

(b) Use of a specific gravity hydrometer, in accordance with the provisions of § 186.24b, to determine the specific gravity of the spirits (if the specific gravity at the temperature of the spirits is more than 1.0) and dividing that specific gravity (corrected to 60° F.) into the factor 0.120074 (the wine gallons per pound for water at 60° F.).

When it is desired to withdraw a portion of the contents of a weighing tank, the difference between the quantity (ascertained by proofing and weighing) in the tank immediately before the removal of the spirits and the quantity (ascertained by proofing and weighing) in the tank immediately after the removal of the spirits shall be the quantity considered to be withdrawn.

(72 Stat. 1357, 1358 (26 U.S.C. 5202, 5204).)

PART 194—LIQUOR DEALERS

PAR. 6. Section 194.225 is revised to eliminate the requirement in paragraph (a) for recording the serial numbers of cases, and to make an editorial change in paragraph (b). As revised, § 194.225 reads as follows:

§ 194.225 Records of receipt.

(a) *Information required.* Every wholesale dealer in liquors shall maintain a daily record of the physical receipt of each individual lot or shipment of distilled spirits, which record shall show (1) name and address of consignor, (2) date of receipt, (3) brand name, (4) name of producer or bottler, except that this may be omitted if the dealer keeps available for inspection a separate list or record identifying the producer or bottler with the brand name, (5) kind of spirits, except that this may be omitted if the dealer keeps available for inspection a separate list or record identifying "kind" with the brand name, (6) quantity actually received (showing number of packages, if any, and number of cases by size of bottle, and explaining any difference from the quantity shown on the commercial papers covering the shipment), and (7) package identification numbers of containers of alcohol received for repackaging for industrial use pursuant to Subpart R of this part. Additional information may also be shown.

(b) *Form of record.* The record prescribed by paragraph (a) of this section shall consist of consignors' invoices (or, where such invoices are not available on the day the shipment is received, memorandum receiving records prepared on the day of receipt of the distilled spirits), and credit memorandums covering distilled spirits returned to the dealer, which contain all required information. Each such invoice (or memorandum receiving record) and credit memorandum shall be numbered by the consignee dealer in the sequence of the physical receipt of the spirits covered thereby. The consignee dealer may start a new series of such numbers annually, or on approval of the regional regulatory administrator, more frequently.

(72 Stat. 1342, 1395 (26 U.S.C. 5114, 5555).)

PAR. 7. Section 194.226 is revised to eliminate the requirement in paragraph (a) (*deleted*) for recording the serial numbers of cases, and to make an editorial change in paragraph (b). As revised, § 194.226 reads as follows:

§ 194.226 Records of disposition.

(a) *Information required.* Every wholesale dealer in liquors shall prepare a daily record of the physical disposition of each individual lot of distilled spirits, which record shall show (1) name and address of consignee, (2) date of disposition, (3) brand name, (4) kind of spirits, except that this may be omitted if the dealer keeps available for inspection a separate list or record identifying "kind" with the brand name, (5) number of packages, if any, and number of cases by size of bottle, and (6) package identification numbers of containers of alcohol repackaged for industrial use pursuant to Subpart R of this part. Additional information may also be shown.

(b) *Form of record.* The record prescribed by paragraph (a) of this section shall consist of the wholesale dealer's invoices (or, where such invoices are not available at the time the spirits are removed, memorandum shipping records prepared at the time of removal of the distilled spirits) which contain all required information. Each such invoice (or memorandum shipping record) shall be preprinted with the name and address of the wholesale dealer in liquors and shall be serially numbered in consecutive order. The wholesaler may start a new series of such numbers annually, or on approval of the regional regulatory administrator, more frequently.

(72 Stat. 1342, 1395 (26 U.S.C. 5114, 5555).)

PAR. 8. Section 194.231 is amended to revise the requirements for preparation of Form 338, and to make an editorial change. As revised, § 194.231 reads as follows:

§ 194.231 Wholesale liquor dealer's semiannual report, Form 338.

As of the close of business on June 30 and December 31 of each year, every wholesale dealer in liquors shall, when required in writing by the regional regulatory administrator, prepare, on Form 338, in duplicate, a report showing the total quantities of distilled spirits received and disposed of during the 6-month period ending on such day. If there were no receipts or disposals of distilled spirits during the period, Form 338 shall be prepared showing the quantity on hand the first day of the period and the quantity on hand the last day of the period and marked "No transactions during period". The original of Form 338 shall be filed with the regional regulatory administrator not later than the 15th day of the month succeeding the period for which rendered, and the copy shall be retained by the dealer.

(72 Stat. 1342 (26 U.S.C. 5114).)

PAR. 9. Section 194.233 is amended to revise the requirements for preparation of Form 338 and to make an editorial change. As revised, § 194.233 reads as follows:

§ 194.233 Discontinuance of business.

When a wholesale dealer in liquors discontinues business as such, he shall render Form 338, covering transactions from the first day of the 6-month period (referred to in § 194.231) in which business is discontinued, through the date of such discontinuance, mark such report "Final", and file the form with the regional regulatory administrator within 15 days of the date of such discontinuance if submission is required by the regional regulatory administrator pursuant to § 194.231.

(72 Stat. 1342 (26 U.S.C. 5114).)

PAR. 10. Section 194.237 is amended by deleting the requirement for serial numbers of cases received and disposed of, and by making an editorial change. As revised § 194.237 reads as follows:

§ 194.237 Package identification numbers.

The package identification numbers of distilled spirits received, or disposed of (for the repackaging of alcohol for industrial use), shall be reported on Form 52A or Form 52B unless the emission of such numbers is specifically authorized by the regional regulatory administrator.

PAR. 11. Paragraph (b) of § 194.238 is amended to revise the requirements for the filing of Form 338. As amended, paragraph (b) reads as follows:

§ 194.238 Requirements when wholesale dealer in liquors maintains a retail department.

* * * * *

(b) Where retail sales of distilled spirits normally represent 90 percent or more of the volume of distilled spirits sold, the dealer may, in lieu of the records required by § 194.225, keep records as prescribed in § 194.239 for all retail dealers in liquors, and all distilled spirits at the premises may be considered as having been received in the dealer's retail department. In addition, as prescribed by § 194.226, he shall prepare records of disposition on all distilled spirits sold at wholesale, and shall prepare recapitulation records of such spirits, as prescribed in § 194.230. Distilled spirits which have been considered as having been received in the retail department, and which are involved in a wholesale transaction, shall be considered as having been transferred to the wholesale department at the time of sale. The sem

annual report on Form 338 shall be submitted in accordance with the provisions of § 194.231 (when submission is required by the regional regulatory administrator) even if there have been no wholesale transactions in distilled spirits. Unless relieved of the requirement, pursuant to application under § 194.234, the dealer shall submit daily or periodic reports on Forms 52A and 52B of all his wholesale liquor dealer transactions in distilled spirits. The dealer's wholesale department need not be maintained in a separate room or be partitioned off from the retail department.

(72 Stat. 1342, 1345, 1395 (26 U.S.C. 5114, 5124, 5555).)

PART 201—DISTILLED SPIRITS PLANTS

PAR. 12. Section 201.11 is amended, in alphabetical order by adding a definition of "Area supervisor" and "Kind," and deleting the definition of "Sealed conveyance". As amended, § 201.11 reads as follows:

§ 201.11 Meaning of terms.

* * * * *

Area supervisor. The supervisory officer of a Bureau of Alcohol, Tobacco and Firearms area office.

* * * * *

Kind. Except as otherwise provided in this part, "kind" in the phrase "kind of spirits" shall mean the class and type of the spirits, as provided in Part 5 of this chapter.

* * * * *

PAR. 13. The center heading, heading and text of § 201.100 are revised to read as follows:

SEALING OF CONVEYANCES USED FOR TRANSPORTING SPIRITS

§ 201.100 Sealing of conveyances.

(a) *Construction for sealing.* If a conveyance is required by this part to be sealed, the conveyance shall be constructed in such manner that all openings, including valves (if any) on bulk conveyances, may be closed and secured.

(b) *Approval of certain sealing devices.* (1) All seals, locks, or other devices that are to be used on conveyances in which spirits are: (i) Transferred in bond, (ii) withdrawn free of tax, or (iii) withdrawn without payment of tax, shall be approved by the Director prior to use. to use.

(2) Seals, locks or other devices that are used on conveyances to transport: (i) Taxpaid spirits, or (ii) denatured spirits transferred in bond or withdrawn free of tax, need not be approved.

(c) *Furnishing and affixing seals.* (1) Seals, locks, or other devices for use on conveyances shall be furnished and affixed by the proprietor.

(2) The regional regulatory administrator may, if he deems necessary, require conveyances in which spirits are: (i) Transferred in bond, (ii) withdrawn free of tax, or (iii) withdrawn without payment of tax, to be secured by seals, locks, or other devices approved and furnished by the Bureau and affixed by an alcohol, tobacco and firearms officer.

(3) Seals, locks, or other devices shall be affixed: (i) As soon as the conveyance is loaded for shipment, and (ii) in such a manner that access to the contents of the conveyance cannot be gained without showing evidence of tampering.

(d) *Numbers and marks on proprietor's seals.* Seals, locks, or other devices that are furnished by the proprietor for use on conveyances shall be serially numbered and dissimilar in markings from those furnished by the Bureau.

(72 Stat 1360 (26 U.S.C. 5206).)

PAR. 14. Section 201.120 is amended to revise the requirements for establishing and operating denaturing facilities. As revised, § 201.120 reads as follows:

§ 201.120 Denaturing facilities.

Facilities for denaturing spirits may be established only on the bonded premises of a plant operated by a proprietor who is authorized to produce spirits, by a controlled or wholly-owned subsidiary (as defined in § 201.206) of such a proprietor, or by a proprietor whose controlled or wholly-owned subsidiary is authorized to produce spirits. If a proprietor (or his parent or subsidiary corporation) discontinues production operations and surrenders his authority to produce spirits, the proprietor (or his parent or subsidiary corporation, as applicable) authorized to denature spirits may be permitted to continue denaturing operations at those denaturing facilities he then has in existence, pursuant to approval of a written application, filed in duplicate with the regional regulatory administrator.

(72 Stat. 1369 (26 U.S.C. 5241).)

PAR. 15. Section 201.147 is revised to provide a statement of certification of accurate calibration for certain tanks on distilled spirits plant premises. As revised, § 201.147 reads as follows:

§ 201.147 Major equipment.

The following items of major equipment, if on the plant premises, shall be described in the application for registration:

(a) Mash tubs and cookers (serial number and capacity).

(b) Fermenters (serial number and capacity.

(c) Tanks used in the production, storage, denaturation, rectification, bottling, and measurement of spirits and tanks used in the storage and the measurement of denatured spirits (designated use (or uses), serial number, capacity, and method of gauging or measurement).

(d) Permanently installed scales and other measuring equipment (including meters).

(e) Bottling lines (list separately as to use and serial number.)

(f) Stills (serial number, kind, capacity, and intended use). (The capacity shall be stated as the estimated maximum proof gallons of spirits capable of being produced every 24 hours, or (for column stills) may be represented by a statement of the diameter of the base and number of plates.)

(g) Other items of fixed equipment used in the production, storage, rectification and/or bottling of spirits, if valued at $5,000 or more (description and use). The description shall show, as to each item of equipment, the location thereof in the plant, and the premises (bonded or bottling) and the facility (production, storage, denaturation, or bottling on bonded premises, and rectification or bottling on bottling premises) in which it is to be used. A statement of certification of accurate calibration shall be included in the description of receiving tanks that are part of production facilities, tanks in storage facilities from which packages are filled, and bottling tanks. Such certification may be executed for all tanks in a specific category (e.g., a blanket certification for all bottling tanks) or for individual tanks. Where any equipment is to be used in two or more facilities, it shall be identified as for multiple use, and its use in each facility shall be shown.

(72 Stat. 1349 (26 U.S.C. 5172).)

PAR. 16. Paragraph (a) of § 201.243 is amended to delete the requirement for Form 244 and to make conforming changes. As revised, paragraph (a) reads as follows:

§ 201.243 Tanks.

(a) *General.* All tanks used as receptacles for spirits (including denatured spirits) or wines shall be located, constructed, and equipped so as to be suitable for the intended purpose and to permit ready examination. An accurate means of measuring the contents of each such tank shall be provided by the proprietor; in any case where such means of measuring is not a permanent fixture of the tank, the tank shall be equipped with a fixed device which will enable the approximate contents to be determined readily. Tanks used for determining the tax imposed by 26 U.S.C. 5001 shall be mounted on scales; and in addition thereto shall be provided with another suitable device for quickly and accurately determining the contents. Storage tanks used for multiple withdrawals for tax determination purposes as provided in § 201.-374a, must be equipped with a suitable agitation device. The proprietor shall install walkways, landings, and stairways to afford safe access to all parts of tanks where the presence of an alcohol, tobacco and firearms officer is required. Tanks may be equipped with vents, flame arresters, foam devices, or other safety devices, if the construction is such to prevent extraction of the spirits. The proprietor shall be responsible for establishing and maintaining accurate calibration of all tanks. Receiving tanks which are part of the production facilities, tanks in the storage facilities from which packages are to be filled in the manner provided in paragraph (c) (2) or (3) of § 201.269 as authorized by § 201.294, and bottling tanks shall not be used until they have been accurately calibrated and a statement of certification of accurate calibration included in the notice of reg-

istration, as provided in § 201.147. If such tanks or their fixed gauging devices are to be moved in location or position subsequent to original calibration, the alcohol, tobacco and firearms officer shall be notified in writing of such change. After the change has been made, the tank shall not be used until it is recalibrated. Pursuant to tax determination, spirits in a tank may be removed from bonded premises, and received on bottling premises, in the tank in which they are contained, if (1) the bonded premises are alternated to bottling premises in the manner provided in § 201.175, (2) the tank and/or all necessary connections thereto are locked or sealed in such manner as to prevent the mingling of spirits in bond with tax determined spirits, (3) the tank is properly redesignated, and (4) the structural separation of bonded and bottling premises required by § 201.231 is maintained.

* * * * *

PAR. 17a. Section 201.261 is amended to make editorial and conforming changes for the preparation of Form 2610. As revised, § 201.261 reads as follows:

§ 201.261 Notice by proprietor.

(a) *Commencement of operations.* The proprietor shall, before commencing production operations or resuming production operations after having given notice of suspension, file notice on Form 2610 with the assigned officer, if any, otherwise with the area supervisor, specifying the date on which he desires to commence or resume operations for the production of spirits. The notice shall be filed in accordance with the instructions on the form, and sufficiently in advance to afford the area supervisor an opportunity to make arrangements for supervision of the operations. The proprietor may not commence or resume operations until the time specified in the notice.

(b) *Suspension of operations.* Any proprietor desiring to suspend production operations for a period of 30 days or more shall file notice on Form 2610 with the assigned officer, if any, otherwise with the regional director, specifying the date on which he will suspend operations. The notice shall be filed in accordance with instructions on the form and (where no officer is available) shall be filed sufficiently in advance to afford the area supervisor an opportunity to detail an officer to the plant. In case of an accident which makes it apparent that operations cannot be conducted for 30 days or more, the proprietor shall give immediate notice of suspension on Form 2610.

(72 Stat. 1364 (26 U.S.C. 5221).)

Par. 17b. Section 201.303 is revised by making clarifying changes to read as follows:

§ 201.303 Determining date of original entry.

(a) *Date of original entry.* (1) When spirits are mingled in accordance with the provisions of § 201.301, the date of original entry for the entire lot shall be that of the latest produced spirits that were mingled.

(2) When spirits are mingled as provided in § 201.297 or are blended as provided in § 201.307, the date of original entry for the entire lot shall be that of the earliest produced spirits that were mingled or blended.

(3) The appropriate transaction forms shall show the original entry dates of both the earliest and latest produced spirits contained in the lot.

(b) *Age of spirits.* The appropriate transaction forms shall show the actual ages (in years, months, and days) of both the oldest and youngest spirits in the lot.

(c) *Updating.* (1) When mingled or blended spirits are held in a tank, the proprietor shall, at least once each calendar year, reexamine the records of deposits and withdrawals for the tank for the purpose of updating the date of original entry (but not the age) of the earliest produced spirits in the mixture.

(2) Updating of the date of original entry shall be made on the basis that the lot with the earliest date of original entry will be the first lot shown in the warehouse records as having been withdrawn.

PAR. 18. Section 201.312 is amended by adding in item (3) of the first proviso, the words "either tax-exempt or" before the words "taxable rectification", and by making editorial and conforming changes. As revised § 201.312 reads as follows:

§ 201.312 Importation of spirits.

The proprietor may withdraw from customs custody, without payment of the internal revenue tax imposed on imported spirits by 26 U.S.C. 5001, imported spirits in bulk containers and transfer such spirits to his bonded premises in such bulk containers or by pipeline. A proprietor intending to receive imported spirits from customs custody shall obtain an approved application, Form 2609, in the manner provided in § 251.172 of this chapter. Imported spirits transferred to bonded premises, as provided in this section, (a) may not be bottled in bond under 26 U.S.C. 5233, (b) may be redistilled or denatured only if of 185 degrees or more of proof, and (c) may be withdrawn for any purpose authorized by chapter 51, 26 U.S.C., in the same manner as domestic spirits. Imported spirits shall be kept separate at the bonded premises and shall not be mixed with domestic spirits or with other imported spirits, except as follows: Imported spirits (1) may, if of 185 degrees or more of proof, be mingled with domestic spirits or with other such imported spirits if the mingled spirits are to be immediately denatured, (2) may, if eligible under § 201.296, be mingled with other imported spirits similarly eligible which have been duty paid at the same rate, (3) may, if imported as beverage spirits, be mingled with heteorogeneous spirits if the mingled spirits are for immediate removal to bottling premises exclusively for use in either tax-exempt or taxable rectification, or blended pursuant to § 201.307, and (4) may, if eligible under § 201.297, be mingled with other distilled spirits similarly eligible: *Provided,* That if the spirits to be so mingled have been treated, compounded, or blended prior to importation, the proprietor must establish to the satisfaction of the regional regulatory administrator that the spirits to be mingled were treated, compounded, or blended at the same foreign plant by the same person, are of the same formulation, and are in fact homogenous: *Provided further,* That the preceding proviso shall not be applicable to the mingling of spirits of the same kind, imported under the same customs entry, and treated, compounded, blended, or produced at the same foreign plant by the same person. Imported spirits shall not be filled into packages, or subjected to treatment, which would modify the taste, aroma, or other characteristics generally attributed to that class and type of spirits. The provisions of this section with respect to the separation from other spirits and of §§ 201.312a and 201.312b are applicable to imported spirits received on bonded premises under this section, whether or not redistilled. Imported spirits to be redistilled shall be appropriately identified on Form 2629.

(72 Stat. 1367, 82 Stat. 1328 (26 U.S.C. 5234, 5232).)

PAR. 19. Section 201.327 is amended to delete the requirement for the assigned officer's verification and release of spirits. As revised § 201.327 reads as follows:

§ 201.327 Bottling.

Spirits may be bottled in bond only from approved bottling tanks. The proprietor shall determine the quantity and proof of the spirits deposited in each bottling tank and make entry thereof on Form 1515, and shall then attach a copy of Form 1515 to the bottling tank. Where two or more bottling tanks are used for one lot of spirits, Form 1515 shall be attached to one tank and the other tanks shall be marked to bear a reference to the tank to which the Form 1515 is attached. Where two or more lots of spirits are to be bottled at the same time, the bottling shall be conducted in such manner as to prevent any mingling of the different lots. Where part of a lot of spirits is to be bottled for export and the proof of such spirits is further reduced, the proprietor shall determine the quantity and proof of the spirits after such further reduction and make entry therof on Form 1515. Bottling tanks and pipelines shall be so equipped that the flow of spirits through the tanks may be controlled by Government locks. Tanks containing spirits deposited for bottling-in-bond, or the rooms or building in which such tanks are located shall be locked at all times except when bottling-in-bond operations, or activities related thereto, are being conducted as provided in this part and the assigned officer is on the premises. Where bottling facilities are alternated as provided in § 201.175, operations shall be conducted in such manner as to prevent the mingling of tax determined spirits and spirits in bond.

(72 Stat. 1366 (26 U.S.C. 5233).)

PAR. 20. Section 201.330 is revised in its entirety to read as follows:

§ 201.330 Labels to agree with contents of tanks and bottles.

Labels affixed to bottles shall agree in every respect with the spirits in the tanks from which the bottles are filled. The proprietor's records shall be such that they will enable alcohol, tobacco and firearms officers to readily determine, by case serial number, which label was used on any given filled bottle. If an alcohol, tobacco and firearms officer finds that the label and spirits do not agree in every respect, he shall not permit the spirits to be bottled, or if the bottles are labeled with labels which do not agree with the spirits in every respect, he shall require the proprietor to relabel the bottles with proper labels.

(72 Stat. 1366, 1374 (26 U. S. C. 5233, 5301).)

PAR. 21. Section 201.333 is revised in its entirety to read as follows:

§ 201.333 Filling of bottles.

(a) *Proof and fill tests.* (1) Proprietors shall test and examine bottles of bottled-in-bond spirits at frequent intervals during bottling operations to determine whether the spirits contained in such bottles agree in proof and quantity (fill) with that stated on the label or bottle. (2) If the regional regulatory administrator finds that a proprietor's test procedures do not protect the revenue and insure the label accuracy of the bottled product, he may require corrective measures.

(b) *Variations in proof and fill.* If the contents do not agree with the respective data on the label or bottle as to—

(1) Quantity (fill), except for such variations in measuring as may occur in filling conducted in compliance with good commercial practice and there is substantially as much overfill as underfill for each lot of spirits bottled on Form 1515, and/or

(2) Proof, subject to a normal drop in proof occurring during bottling operations not to exceed three-tenths of a degree—

the proprietor shall rebottle, recondition, or relabel the spirits in such manner that the label will correctly describe the contents.

(c) *Proof and fill test records.* (1) Proprietors shall record the results of all proof and fill tests made.

(2) The daily record shall be maintained in a manner and provide information that will enable alcohol, tobacco and firearms officers to determine whether the proprietor—

(i) Monitors filling operations by conducting proof and fill tests, and

(ii) Employs procedures to correct variations in proof and fill described in paragraph (b).

(3) Proof and fill test records shall contain, at a minimum, the following information—

(i) Date and time of test,

(ii) Form 1515 number,

(iii) Size of bottle,

(iv) Label proof,

(v) Test proof,

(vi) Percentage of overfill/underfill, and

(vii) Corrective action taken (if any).

(4) Where the content, format or arrangement of the daily records does not comply with the provisions of paragraph (c)(2) and (c)(3), the regional regulatory administrator may require a format or arrangement which will clearly and accurately reflect proof and fill test information.

(72 Stat. 1361, 1395 (26 U.S.C. 5207, 5555).)

PAR. 22 § 201.342 is amended to provided for the separate listing of case serial numbers by trade name on commercial records. As revised, § 201.342 reads as follows:

§ 201.342 Trade names.

Before a proprietor may bottle or label bottled-in-bond spirits under a trade name, he shall secure approval of such name in the maner prescribed by Subpart F of this part.

(72 Stat. 1366 (26 U.S.C. 5233).)

PAR. 23. Section 201.368 is amended to change the function of Form 236 from an application to a notice for transfers in bond and to transfer responsibilities for sealing conveyances from alcohol, tobacco and firearms officers to proprietors. As revised, § 201.368 reads as follows:

§ 201.368 Consignor premises.

(a) *General.* (1) Notice on Form 236 shall be prepared by the consignor proprietor to cover the transfer of spirits or denatured spirits in bond, pursuant to an approved application on Form 2609. Except as otherwise provided herein, a Form 236 shall be prepared for each conveyance. Each Form 236 shall show the real name (or the basic operating name as provided in § 201.235) of the producer (or the name of the importer in the case of imported spirits or the name of the packaging or bottling proprietor in the case of spirits of 190° of proof or more) and, if the spirits were produced under a trade name, shall also show the trade name under which produced. Prior to lading of spirits aboard any conveyance (or commencement of pumping operations in the case of pipeline transfers) for transfer from bonded premises, the proprietor shall submit a notice copy of Form 236 to the alcohol, tobacco and firearms officer. In the case of transfers made in accordance with the provisions of paragraph (a)(2) of this section, the proprietor shall submit the authorized shipment and delivery orders to the alcohol, tobacco and firearms officer prior to commencing transfer operations. The serial numbers of any seals or other devices affixed to a conveyance used for shipment of spirits or denatured spirits in bond shall be entered on Form 236 by the proprietor. On completion of lading (or completion of transfer by pipeline), the proprietor shall dispose of the remaining copies of Form 236 as provided in the instructions on the form.

(2) The proprietor may, on approval of the regional regulatory administrator, cover on one Form 236 all packages of spirits shipped by truck on the same day from his production facilities or storage facilities for deposit for storage in bond in another distilled spirits plant located in the same region. In such case, the proprietor shall deliver, to the alcohol, tobacco and firearms officer at the shipping and delivery premises, a shipment and delivery order for each shipment, showing the number of barrels, their package identification numbers, the name of the producer, and the serial numbers of the seals or other devices (if any) applied to the truck. Such shipping and delivery shall be properly authenticated, and shall constitute a complete record of the spirits so transferred in each truck each day. On completion of lading of the last truck for the day, the Form 236 shall be disposed of as provided in the instructions on the form.

(b) *Packages.* When spirits are to be transferred in bond in packages, the consignor proprietor shall weigh each package, except (1) when the transfer is to be made in a sealed conveyance, (2) when the individual packages have been securely sealed by the proprietor in a manner satisfactory to the alcohol, tobacco and firearms officer, or (3) when this requirement has been waived by the regional regulatory administrator on a finding that, because of the locotion of the premises and the proposed method of operation, the transfer can be made under the control of the alcohol, tobacco and firearms officer, and there will be no jeopardy to the revenue. The proprietor shall load and seal the conveyance, if it is to be sealed, except, that the regional regulatory administrator may require sealing by an alcohol, tobacco and firearms officer (see § 201.100.) When packages are weighed at the time of shipment, the proprietor shall list the package identification number of each package and its gross shipping weight on Form 2630. A copy of Form 2630 shall accompany each copy of Form 236.

(c) *Bulk conveyances and pipelines.* When spirits are to be transferred in bond in bulk conveyances or by pipelines, the consignor shall gauge the spirits under the direct supervision of the alcohol, tobacco and firearms officers and record the quantity so determined on Form 236. Bulk conveyances of spirits shall be sealed by the proprietor except that the regional regulatory administrator may require sealing by an alcohol, tobacco and firearms officer. (See § 201.100.)

(72 Stat. 1367 (26 U.S.C. 5222).)

PAR. 24. A new section, § 201.368a., concerning reconsignments of spirits in transit, is inserted, immediately following § 201.368, to read as follows:

§ 201.368a Reconsignment in transit.

Where, prior to or on arrival at the premises of a consignee, spirits transferred in bond (including denatured spirits) are found to be unsuitable for the purpose for which intended, were shipped in error, or, for any other bona fide reason, are not accepted by such consignee, or are not accepted by a carrier, they may be reconsigned, by the con-

signor, to himself, or to another consignee on notification to the regional regulatory administrator of the consignor's region of such reconsignment. In such case, application to receive spirits by transfer in bond (on Form 2600) shall have been previously approved for the consignee and the bond of the proprietor to whom the spirits are reconsigned shall cover such spirits while in transit after reconsignment. Notice of cancellation of the Form 236 covering the shipment to the original consignee shall be made by the consignor to each person receiving a copy of such Form 236. Where the reconsignment is to another proprietor, a new Form 236 shall be prepared and prominently marked with the word "Reconsignment".

PAR. 25. Paragraphs (a) and (b) of § 201.369 are amended to require the proprietor to determine and report losses in transit and to make procedural changes concerning disposition of Form 236. As revised, paragraphs (a) and (b) read as follows:

§ 201.369 Consignee premises.

(a) *General.* When spirits are received by transfer in bond, the consignee proprietor shall notify the alcohol, tobacco and firearms officer of their delivery. The proprietor shall examine each sealed conveyance to determine whether the seals are intact upon arrival at his premises. If the seals are not intact, he shall immediately, before removal of any spirits from the conveyance, notify the alcohol, tobacco and firearms officer. The proprietor shall examine all containers, and any container bearing evidence of loss in transit or of loss due to theft shall be held until released by the alcohol, tobacco and firearms officer. Spirits after examination (and, if held, after release by the alcohol, tobacco and firearms officer) shall be deposited in the warehouse immediately, or, if the spirits are to be redistilled, they shall be deposited in the production facilities immediately. Losses shall be determined and reported on Form 236 by the proprietor, with a written notation (by package identification number for packages or serial numbers for cases) as to the cause of the loss. Losses in excess of normal transit losses or as a result of theft or unauthorized destruction shall be reported in accordance with § 201.311. After execution on the transfer forms of his receipt of the shipment of spirits (including denatured spirits), the consignee shall dispose of Form 236 as provided in the instructions on the form.

(b) *Packages.* When spirits are received in packages, the consignee proprietor shall weigh each package, except (1) when the transfer is made in a sealed conveyance and the seals or other devices are intact on arrival, (2) when the individual packages have been sealed by the consignor proprietor and are intact on arrival, or (3) when the requirement for weighing the packages at the consignor premises has been waived under the provisions of § 201.368(b)(3). If Form 2630 accompanies the shipment, the consignee proprietor shall record the receiving weight of each package on the Form 2630. If no Form 2630 accompanies the shipment, the consignee proprietor shall prepare a list showing the package identification number of each package and its receiving weight and attach one copy to each copy of Form 236 in his possession. All packages in a sealed conveyance on which the seals or other devices are not intact on arrival, and all packages not intact on receipt, shall be segregated, after weighing, and held until released by the alcohol, tobacco and firearms officer. When denatured spirits are received in packages, the consignee proprietor shall prepare Form 1467, appropriately modified, to record their deposit on bonded premises; a separate sheet shall be used for each formula.

* * * * *

(72 Stat. 1358, 1362 (26 U.S.C. 5204, 5213).)

PAR. 26. Section 201.370 is revised to (1) provide for submission of a notice copy of Form 2629, (2) provide for reporting of losses, and (3) delete the assigned officer's approval of Form 2629. As revised, § 201.370 reads as follows:

§ 201.370 Removal of spirits from storage for redistillation.

A proprietor intending to remove spirits (including denatured spirits) from storage to production facilities on the same bonded premises for redistillation, in accordance with the provisions of §§ 201.272 and 201.273, shall prepare Form 2629 to cover such removal and shall submit a copy of the form to the alcohol, tobacco and firearms officer before commencing the dumping and gauging operations. Each lot of spirits (except bottled spirits) shall be gauged by the proprietor under the direct supervision of the alcohol, tobacco and firearms officer. Such gauge may be made either in the storage or the production facilities and shall be reported on Form 2629. The packages or cases shall be examined by the proprietor, and if any package or case bears evidence of loss due to theft or unauthorized destruction, or loss in excess of normal storage losses, such loss shall be reported to the alcohol, tobacco and firearms officer and the package or case shall not be dumped until released by him; Form 2629 shall be amended when necessary.

PAR. 27. A new section, § 201.374a, authorizing multiple gauges of spiirts withdrawn for tax determination, is added immediately following § 201.374, to read as follows:

§ 201.374a Multiple bulk gauge for tax determination.

(a) *Procedure.* (1) Spirits may be withdrawn for tax determination on a multiple gauge basis only if the spirits are withdrawn from a storage tank equipped with a suitable agitation device.

(2) The multiple gauge concept shall be optional at each plant.

(b) *Withdrawal and gauging of spirits.* (1) Prior to the initial withdrawal from the storage tank the spirits shall be thoroughly agitated.

(2) The alcohol, tobacco and firearms officer shall determine the proof of the first withdrawal of spirits from the storage tank and shall calculate the tax due based on the established proof and weight of the spirits in the gauge tank for that withdrawal.

(3) Subsequent withdrawals from storage tank need only be weighed in the gauge tank by the alcohol, tobacco and firearms officer, using the proof established at the first withdrawal to calculate the tax due.

(4) One Form 179 shall cover all tax determinations for one day for each storage tank.

(c) *Restrictions.* The addition of spirits to a storage tank from which a multiple gauge withdrawal has been made will require, prior to the next withdrawal of spirits from such tank:

(1) Thorough agitation of spirits in the storage tank.

(2) Determination of a new proof of the spirits in the gauge tank by the alcohol, tobacco and firearms officer, and

(3) Preparation of a new Form 179 to cover any multiple gauge withdrawal made subsequent to the addition of spirits to the storage tank.

(72 Stat. 1320, 1358 (26 U.S.C. 5006, 5204).)

PAR. 28. Section 201.378 is amended by designating the existing language as paragraph (a) and revising it, and by establishing a new paragraph (b) for multiple gauging. As revised, § 201.378 reads as follows:

§ 201.378 Withdrawal procedures; bonded premises.

(a) *General.* Except as provided in paragraph (b) of this section, the spirits to be taxpaid shall be inspected or gauged and the amount of tax found shall be entered on Form 179 by the assigned officer. If the tax is to be prepaid, as indicated by the withdrawing proprietor on Form 179, the assigned officer will inform the proprietor from whose premises the spirits are being withdrawn of the amount of tax determined. The proprietor will deliver to the assigned officer the prepayment return, Form 2521, with remittance, or when prepayment is made in cash to the district director, the proprietor will deliver a receipted Form 2521 to the assigned officer. Once the tax is prepaid, or, if the tax is not to be prepaid, and the bond of the withdrawing proprietor is adequate, the assigned officer will execute his statement of tax determination, release the spirits in accordance with § 201.385, retain one copy of Form 179, and return the original and remaining copies and any accompanying reports to the proprietor as authority to remove the spirits from bonded premises. At the time of removal the proprietor will assign to and enter on each Form 179 a release number, assigned in serial order, starting with "1" for the first such form each calendar year. Distribution of Form 179 will be made according to instructions on the form.

(b) *Multiple Gauge.* When spirits are withdrawn in a series of multiple bulk gauges, they shall be inspected or gauged in accordance with § 201.374a. In addition to entering the tax gallons and amount of tax due for each withdrawal

on Form 179 at the time of gauging, the alcohol, tobacco and firearms officer shall enter the total for all withdrawals on the form when he executes his statement of tax determination. The release number for Form 179 shall be assigned to and entered on the form at the time of the first removal of spirits.

PAR. 29. Section 201.385 is revised to (1) add a reference to multiple bulk gauging, (2) delete the reference to the assigned officer's issuance of distilled spirit stamps, and (3) make editorial changes. As revised, § 201.385 reads as follows:

§ 201.385 Removal of spirits on tax determination.

No spirits shall be removed from bonded premises, except as otherwise provided by law, unless the tax theron has been determined. If the Form 179, and Form 2521 (if required) with remittance, are in order and cover the full amount of the tax on the spirits to be withdrawn, the assigned officer shall execute his statement of tax determination authorizing the removal of the spirits. The assigned officer shall not execute his statement or certification of tax determination where a proprietor of bottling premises, whose bond on Form 2614 or 2615 is not in the maximum penal sum, has assumed liability for the tax on the spirits, and the tax is greater than the amount shown as chargeable against his bond on Form 179. If Form 2521 has been filed with the district director, as required by § 201.383(b), the statement regarding tax determination shall be executed before the assiged officer has received a receipted copy of the return from the district director. When a proprietor of bottling premises has made application for withdrawal of spirits for bottling in bond after tax determination, the assigned officer shall not execute his statement or certification of tax determination unless the spirits to be withdrawn meet the aging and packaging requirements prescribed for spirits to be bottled in bond and are otherwise eligible. On execution of the statement or certification of tax determination authorizing removal of the spirits, the proprietor shall apply distilled spirits stamps to the packages or bulk conveyances of spirits to be removed from bonded premises. Distilled spirits stamps shall be affixed, canceled, and protected in the manner provided in Subpart Q of this part. When the distilled spirits stamps have been affixed by the proprietor to the containers and the containers have been properly marked, they shall be immediately removed from the bonded premises. When spirits are to be removed by pipeline, the appropriate Form 179, after execution of the statement or certification of tax determination shall be attached to the gauge tank, and shall remain thereon until the spirits have been removed from the tank. Spirits bottled in bond before determination of tax which are to be withdrawn from bonded premises before determination of tax may be so withdrawn subsequent to bottling, without being returned to the storage portion of the bonded warehouse, if the proprietor executes Form 179 in advance of withdrawal to cover a specific quantity of such spirits that shall be equal to or more than the quantity of spirits that he expected to withdraw. In such case the assigned officer shall execute the statement of tax determination only if he is satisfied that adequate means and methods are provided for accurately ascertaining the quantities of spirits to be so withdrawn at the time of bottling and that Form 179 is otherwise in order. On completion of the withdrawal covered by Form 179, the proprietor shall complete the forms, identifying the cases and showing the actual quantity of spirits so withdrawn (and any adjustments); such information shall be verified by the assigned officer. When any spirits have been removed from the bonded premises as provided in this section, the proprietor shall execute, under the penalties of perjury, the statement of removal on all copies of Form 179 and distribute them in accordance with the instructions on the form. However, when spirits are withdrawn in a series of multiple bulk gauges as provided in § 2041.374a, the proprietor shall execute the statement of removal when all spirits covered by the appropriate Form 179 have been removed from bonded premises. Bulk conveyances used to transport tax-paid spirits withdrawn from bonded premises shall be sealed. (See § 201.100.)

PAR. 30. Section 201.387 is revised to (1) provide for an advance copy of Form 2629 for the alcohol, tobacco and firearms officer, (2) provide for sealing of conveyances by the proprietor, and (3) delete the requirement for written release of spirits by the officer. As revised, § 201.387 reads as follows:

§ 201.387 Withdrawals of spirits for use in wine production.

Wine spirits withdrawn without payment of tax for use in wine production may be removed in approved containers for shipment to a bonded wine cellar on receipt of an approved application, Form 257, submitted by the proprietor of the bonded wine cellar in accordance with the provisions of Part 240 of this chapter. Each package of wine spirits (unless withdrawn on the original gauge) and each lot of wine spirits transferred by pipeline or by bulk conveyance shall be gauged by the proprietor under the direct supervision of the assigned officer: *Provided,* That spirits transferred by pipeline may be so gauged on the bonded wine cellar premises. Form 2629 shall be prepared by the consignor to cover each removal of wine spirits pursuant to an approved Form 257. Prior to the lading of spirits aboard any conveyance (or commencement of pumping operations in the case of pipeline transfers) for removal from the bonded premises, the proprietor shall submit a copy of Form 2629 to the alcohol, tobacco and firearms officer as notice of the operation. When wine spirits in packages are to be removed (unless to be withdrawn on the original gauge), the consignor shall also gauge the packages and prepare Form 2630. Bulk conveyance shall be sealed (see § 201.100) and the conveyance shall bear a label, dated and signed by the proprietor, showing the intended use of the wine spirits and the name and plant number of the consignor and the name and registry number of the consignee.

(72 Stat. 1362, 1382 (26 U.S.C. 5214, 5373).)

PAR. 31. Section 201.390 is revised to (1) designate Form 2633 as a notice, and (2) delete from its provisions the requirement for written release of spirits by the assigned officer. As revised, § 201.390 reads as follows:

§ 201.390 Withdrawal of spirits free of tax.

Spirits withdrawn free of tax under § 201.389 (a), (b), and (c) shall be withdrawn in approved containers and shipped to the consignee designated in the permit. The proprietor shall submit a copy of the notice of withdrawal, Form 2633, to the assigned officer prior to the lading of the spirits aboard the transfer conveyance. Unless the spirits are in cases or are to be withdrawn on the original gauge, the proprietor shall gauge each container under the direct supervision of the assigned officer. For each shipment, the proprietor shall prepare Form 1473 and distribute the form in accordance with the instructions thereon. Bulk conveyances used to transport spirits withdrawn free of tax under this section shall be sealed. (See § 201.100.)

(72 Stat. 1362 (26 U.S.C. 5214).)

PAR. 32. Paragraph (a) of § 201.393 is amended by adding the requirement for the sealing of bulk conveyances. As revised, paragraph (a) reads as follows:

§ 201.393 Removal of denatured spirits.

(a) *Specially denatured spirits.* Specially denatured spirits withdrawn free of tax under § 201.389(d) shall be shipped in approved containers to the consignee designated in the permit. If such spirits are for export or for transfer to a foreign-trade zone, they shall be withdrawn under the applicable provisions of Part 252 of this chapter. If such spirits are for shipment to a qualified user or a bonded dealer, the proprietor shall prepare notice of shipment on Form 1473 and distribute the copies of the form in accordance with the instructions thereon. Bulk conveyances used to transport specially denatured spirits shall be sealed in accordance with the provisions of § 201.100.

* * * * *

PAR. 33. Section 201.407 is revised to delete the provisions for the assigned officer's written verification of denaturation. As revised, § 201.407 reads as follows:

§ 201.407 Notice and gauge for denaturation.

The proprietor, when he wishes to denature, shall execute his notice of intent on Form 2634, in triplicate, in accordance with the instructions thereon and deliver one copy, as a notice, to the alcohol, tobacco and firearms officer before

any spirits are released for denaturation. The guage of the spirits, when required, and the denaturation thereof, shall be under the direct supervision of the alcohol, tobacco and firearms officer. On completion of denaturation, the proprietor shall execute his report of denaturation on Form 2634 and dispose of the forms in accordance with the instructions on the form. All spirits shall be gauged by the proprietor: *Provided*, That spirits dumped from previously gauged containers or spirits transferred directly to mixing tanks from gauge tanks where they were gauged, need not be again gauged. Measurements of spirits and denaturants shall be made by volume or by weight or, when approved by the Director, by meter or other device.

(72 Stat. 1358, 1369 (26 U.S.C. 5204, 5241).)

PAR. 34. Par. (a) of § 201.411 is amended by providing for specific denaturants for conversion of specially denatured alcohol. As revised, paragraph (a) reads as follows:

§ 201.411 Conversion of specially denatured alcohol.

(a) *Conversion to Formula No. 1.* Any specially denatured alcohol, except Formulas No. 3–A and No. 30, may be converted into specially denatured alcohol, Formula No. 1, by the addition of methyl alcohol and denatonium benzoate, N.F. (Bitrex) or methyl isobutyl ketone in accordance with the formulations prescribed in § 212.16 of this chapter. For specially denatured alcohol Formulas No. 3–A and No. 30, the methyl alcohol content shall be reduced to the level prescribed for specially denatured alcohol Formula No. 1 by the addition of ethyl alcohol before adding the other ingredient prescribed in § 212.16 of this chapter.

* * * * *

(72 Stat. 1369 (26 U.S.C. 5242).)

§ 201.412 [Revoked]

PAR. 35. Section 201.412 is revoked.

PAR. 36. Section 201.432 is revised in its entirety to eliminate the requirement for preparation of Forms 122 by proprietors, and to provide for the preparation of dump and batch records. As revised, § 201.432 reads as follows:

§ 201.432 Record of use.

(a) *Dump record.* Whenever any spirits or wines are to be dumped for use in rectification, or are to be dumped for bottling or packaging without rectification (or are to be reduced in proof, filtered, or otherwise manipulated for such bottling or packaging), or are to be removed from the bottling premises by pipeline or bulk conveyance, the proprietor shall prepare a dump record. Spirits or wines received by pipeline or bulk conveyance and deposited in a tank for storage shall be considered as "dumped" when they are removed from such tank for rectification or bottling; spirits or wines so received but not so deposited shall be considered "dumped" immediately on receipt. Each dump record shall be serially numbered and shall identify the spirits or wines dumped for use. The proprietor shall, at the time of dumping, gauge spirits (1) where required in § 201.494, and (2) whenever it is necessary to insure that the quantity used is within the limitation of the approved formula. The proof gallon content of wines and alcoholic flavoring materials (contained ineligible spirits) shall be determined, at the time of dumping, by the proprietor.

(b) *Batch record.* A rectifier shall prepare a batch record (1) to report the dumping of spirits which are to be used immediately and in their entirety in preparing a batch of a rectified product (in this instance one record may serve both as a dump and batch record), (2) to report the use of spirits or wines previously dumped (and reported on dump records) and retained in processing tanks or receptacles, and (3) to report any combination of paragraph (b) (1) and (2) of this section used in preparing a batch of a rectified product. The proprietor shall also record on batch records the use of alcoholic flavoring materials manufactured on premises other than a bottling premises. Materials covered by a manufacturer's affidavit (see § 201.424) that drawback has not been, and will not be claimed thereon, must be reported and separately identified from materials not so covered. Each batch record shall be serially numbered and shall identify the spirits, wines, alcoholic flavoring materials, and non-alcoholic flavoring materials and ingredients used in the batch.

(c) *Format of dump and batch records.* Proprietor's dump and batch records shall contain, as applicable, the following:

(1) General information:

(i) Serial number;

(ii) Name and address of bottler; and

(iii) Distilled spirits plant number.

(2) Information relating to preparation of dumps:

(i) Kind of spirits (indicate if treated with oak chips and specially identify imported spirits and spirits from Puerto Rico and the Virgin Islands);

(ii) Serial or identification number of tank or container from which spirits were removed;

(iii) Proof gallons dumped, distinguishing between ingredients eligible and ineligible for operating losses, as provided in § 201.482(b);

(iv) Serial number of source transaction record (e.g., tax determination record or commercial record);

(v) Date spirits were dumped;

(vi) Quantity, by ingredient, of other ingredients dumped (both alcoholic and non-alcoholic); and

(vii) Total proof gallon dumped (listing separately ineligible, eligible, and grand totals).

(3) Information relating to preparation of a batch:

(i) Formula number;

(ii) Trade name(s), if any, under which the product is rectified;

(iii) Kind of spirits (indicate if treated with oak chips and identify imported spirits and spirits from Puerto Rico and the Virgin Islands);

(iv) Serial or identification number of tank or container from which spirits were removed;

(v) Serial number of the dump record from which the spirits were received for preparation of a batch;

(vi) Proof gallons entered into the batch, distinguishing between ingredients eligible and ineligible for operating losses, as provided in § 201.482(b);

(vii) Proof gallons used in the batch that have been previously dumped (and reported on dump records) and retained in processing tanks or receptacles;

(viii) Quantity, by ingredient, of other ingredients entered into the batch (both alcoholic and non-alcoholic); and

(ix) Total proof gallons entered into the batch (listing separately ineligible, eligible, and grand totals).

(4) Disposition information:

(i) Serial number of form (e.g., bottling tank report or another dump/batch record) to which the spirits were transferred; (ii) Proof gallons transferred; (iii) Total proof gallons disposed of; (iv) Gain or loss in proof gallons; and (v) Date of each disposition of spirits.

(d) *Time and manner for making entries.* The proprietor shall keep the required entries on dump and batch records current with the operations covered by such records, and shall maintain such records in a manner that will enable alcohol, tobacco and firearms officers (1) to verify and trace the quantity and movement of spirits, flavoring materials and ingredients (both alcoholic and non-alcoholic), or wines used in each operation or transaction, (2) to verify claims and statements of losses affecting claims, and (3) to verify compliance with law and regulations. Where the format or contents of the proprietor's dump and batch records is such that the required information is not clearly or accurately reflected, the regional regulatory administrator shall require the proprietor to modify such records so that the format and contents clearly and accurately reflect the required information.

(72 Stat. 1370 (26 U.S.C. 5251).)

PAR. 37. Section 201.433 is revised to delete the reference to Form 122 and insert a reference to dump and batch records. As revised, § 201.433 reads as follows:

§ 201.433 Identifying spirits and wines in process.

The proprietor shall mark or otherwise indicate (for example, by attachment of a dump or batch record) on each tank or receptacle on bottling premises containing spirits or wines in process the kind and quantity of the contents and the serial number of the dump or batch record under which the spirits or wines are held.

(72 Stat. 1356, 1358, 1360 (26 U.S.C. 5201, 5204, 5206).)

PAR. 38. Section 201.444 is revised to delete the reference to Form 122 and insert a reference to dump and batch records. As revised, § 201.444 reads as follows:

§ 201.444 Blending of straight whiskies, rums, and pure fruit brandies differing as to type.

The rectification tax (as provided in § 201.29(l) and (m)) does not attach to blends made exclusively of two or more pure straight whiskies, differing as to type, aged in wood for a period of not less than four years and without the addition of coloring or flavoring matter or any other substance than pure water and if not reduced below 80 proof; nor to blends made exclusively of two or more pure fruit brandies, differing as to type, distilled from the same kind of fruit, or blends made exclusively of two or more rums, differing as to type, where the brandies or rums have been aged in wood for a period of not less than two years and without the addition of coloring or flavoring matter (other than caramel added in bond, under Subpart I or J of this Part) or any other substance than pure water and if not reduced below 80 proof. In addition to the information required to be recorded on dump and batch records as provided by § 201.432, the proprietor shall show the age of each package of whisky, brandy, or rum to be blended, the proof to which the blended whisky, brandy, or rum is to be reduced, and the tank in which the spirits will be blended; he shall also include a statement that no coloring, flavoring, or other substance will be added except pure water necessary to reduce the spirits to the desired proof. Blending operations shall be under the general supervision of the assigned officer. The addition of any coloring, flavoring, or other substance, or the reduction of the spirits below 80 proof, will subject the blended whisky, brandy, or rum to the rectification tax.

(72 Stat. 1328, as amended (26 U.S.C. 5025).)

PAR. 39. Section 201.448 is amended by eliminating the requirement for submission of a copy of Form 2367 to the regional regulatory administrator and by making conforming changes. As revised, § 201.443 reads as follows:

§ 201.448 Gauge of rectified products.

On completion of the process of rectification, the rectifier shall gauge the spirits or wines in accordance with the provisions of Subpart D of this part, determine the applicable taxes under 26 U.S.C. 5021, 5022, and/or 5041, and report such gauge and determination of tax on Form 2637. Each Form 2637 shall be serially numbered.

(72 Stat. 1330, 1335, 1358 (26 U.S.C 5026 5061, 5204).)

PAR. 40. Section 201.456 is revised in its entirety to read as follows:

§ 201.456 Labels to agree with contents of tanks and containers.

Labels affixed to bottles (and packages in the case of wine) shall agree in every respect with the spirits or wines in the tanks from which the containers were filled. The proprietor's records shall be such that they will enable alcohol, tobacco and firearms officers to readily determine, by case serial number, which label was used on any given filled container. If an alcohol, tobacco and firearms officer finds that the label and the spirits do not agree in every respect, he shall not permit the spirits or wines to be bottled, or if the spirits or wines are labeled with labels which do not agree in every respect, he shall require the proprietor to relabel the spirits or wines with a proper label.

(72 Stat. 1356 (26 U.S.C. 5201).)

PAR. 41. Section 201.459 is revised in its entirety to read as follows:

§ 201.459 Filling of bottles.

(a) *Proof and fill tests.* (1) Proprietors shall test and examine bottles of spirits bottled on bottling premises at frequent intervals during bottling operations to determine whether the spirits contained in such bottles agree in proof and quantity (fill) with that stated on the label or bottle. (2) If the regional regulatory administrator finds that a proprietor's test procedures do not protect the revenue and insure the label accuracy of the bottled product, he may require corrective measures.

(b) *Variations in proof and fill.* If the contents do not agree with the respective data on the label or bottle as to—

(1) Quantity (fill), except for such variations in measuring as may occur in filling conducted in compliance with good commercial practice and there is substantially as much overfill as underfill for each lot of spirits bottled on Form 2637, and/or

(2) Proof, subject to a normal drop in proof occurring during bottling operations not to exceed three-tenths of a degree—

the proprietor shall rebottle, recondition, or relabel the spirits in such manner that the label will correctly describe the contents.

(c) *Proof and fill test records.* (1) Proprietors shall record the results of all proof and fill tests made.

(2) The daily record shall be maintained in a manner and provide information that will enable alcohol, tobacco and firearms officers to determine whether the proprietor—

(i) Monitors filling operations by conducting proof and fill tests, and

(ii) Employs procedures to correct variations in proof and fill described in paragraph (b).

(3) Proof and fill test records shall contain, at a minimum, the following information—

(i) Date and time of test,

(ii) Form 2637 number,

(iii) Size of bottle,

(iv) Label proof,

(v) Test proof,

(vi) Percentage of overfill/underfill, and

(vii) Corrective action taken (if any).

(4) Where the content, format and arrangement of the daily records does not comply with the provisions of paragraph (c)(2)(c)(3), the regional regulatory administrator may require a format or arrangement which will clearly and accurately reflect proof and fill test information.

(72 Stat. 1356, 1361, 1374, 1395 (26 U.S.C. 5201, 5207, 5301, 5555).)

PAR. 42. Section 201.460 is revised to extend the deadline for making entries on Form 2637. As revised § 201.460 reads as follows:

§ 201.460 Completion of bottling.

When the contents of a bottling tank are not completely bottled at the close of the day, the bottler shall make entries on Form 2637 covering the total quantity bottled that day from the tank. Entries shall be made not later than the morning of the following business day unless the bottler maintains auxiliary or supplemental records as provided in § 201.617, in which case entries may be made not later than the close of the following business day. He may elect to make such daily entries only on the original of the form but shall complete the bottling tank copy when the tank has been emptied. When the tank has been emptied, he shall complete the Form 2637, deliver the original to the assigned officer, and file the copy.

(72 Stat. 1356 (26 U.S.C. 5201).)

PAR. 43. Section 201.464 is amended by deleting the reference to the assigned officer's issuance of distilled spirits stamps, and by making conforming changes. As revised § 201.464 reads as follows:

§ 201.464 Filling packages.

Rectified or unrectified products may be drawn into packages from a tank (conforming to the requirements of § 201.243) on bottling premises. Such packages shall be gauged by the proprietor, and he shall report the details of such gauge on Form 2630 and attach a copy of Form 2630 to each copy of Form 2637 covering the product. Such packages shall be marked as prescribed by Subpart P of this part. On completion of Form 2637 and Form 2630, the proprietor shall affix a distilled spirits stamp to each package of spirits in the manner required by § 201.550a. The stamps shall bear the information required by § 201.549.

(72 Stat. 1356, 1358 (26 U.S.S. 5201, 5205).)

PAR. 44. Section 201.465 is amended by adding the requirement for sealing bulk conveyances. As revised § 201.465 reads as follows:

§ 201.465 Removals in bulk.

Where spirits or wines on bottling premises are to be removed in bulk to other bottling premises, the proprietor shall execute one additional copy of Form 2637 and shall forward it to the proprietor at the receiving premises. In the case of pipeline transfers, the additional copy shall be delivered before the transfer is commenced. Bulk conveyances shall be marked as provided in Subpart P of this part, and distilled spirits stamps shall be issued and affixed to the conveyances as provided in Subpart Q

of this part. Bulk conveyances used to transport taxpaid spirits withdrawn from bottling premises shall be sealed. (See § 201.100.)

(72 Stat. 1356 (26 U.S.S. 5201).)

PAR. 45. Section 201.466 is amended by deleting the words "Forms 122 and 2637" and inserting the words "Forms 2637 and dump and batch records". As revised, § 201.466 reads as follows:

§ 201.466 Rebottling, relabeling, and restamping of bottled spirits.

Bottlers desiring to rebottle, restamp, or relabel distilled spirits shall make application, in duplicate, to the assigned officer, if any, at the plant, otherwise, in triplicate, to the regional regulatory administrator. The application shall state, specifically (a) the reason for the rebottling, relabeling, or restamping, (b) the serial numbers of the cases, and (c) the name of the original bottler. If the spirits were originally bottled by a bottler other than the applicant, the application shall be accompanied by a statement from the original bottler consenting to the rebottling or relabeling thereof by the applicant. When spirits are rebottled, the strip stamps on the original bottles shall be destroyed and new strip stamps used. Liquor bottles used for rebottling shall comply with the provisions of § 201.457. When spirits are relabeled, the new label shall be covered by an appropriate certificate of label approval or certificate of exemption from label approved issued under the Federal Alcohol Administration Act Form 2637, appropriately modified shall be prepared by the proprietor to cover the relabeling or restamping of spirits, Forms 2637 and dump and batch records shall be prepared in accordance with this part to cover the rebottling of spirits.

(72 Stat. 1356 (26 U.S.C. 5201).)

PAR. 46. Paragraph (c) of § 201.470 is revised to provide for the separate listing of serial numbers by trade name on commercial records. As revised, paragraph (c) reads as follows:

§ 201.470 Changes in name or proprietorship.

* * * * *

(c) *Trade names.* Before a proprietor may rectify, bottle and label, or package spirits or wines under a trade name, he shall secure approval of such name in the manner prescribed by Subpart F of this part.

PAR. 47. Section 201.470c is amended by deleting the words "Form 122" and inserting the words "dump and batch records". As revised, § 201.470c reads as follows:

§ 201.470c Handling of spirits.

The proprietor shall inspect containers of spirits at the time of their receipt in accordance with § 201.430. Unless spirits are held under the provisions of § 201.430, spirits to be bottled in bond which are received on bottling premises shall be promptly dumped for bottling. No more spirits shall be received and dumped at any one time than can be bottled expeditiously. If the proprietor intends to bottle as other than bottled in bond, or to package or otherwise remove, any portion of a lot of spirits which are entered on Form 179 for bottling in bond, he shall indicate in his schedule of operations required by § 201.89 that portion of the lot which is to be otherwise bottled, packaged, or removed and shall make appropriate notations on the Form 179, dump and batch records, and Form 2637, as applicable, which are involved.

PAR. 48. Section 201.470f is amended to delete the references to Form 122 and insert, instead, references to dump and batch records. As revised, § 201.470f reads as follows:

§ 201.470f Record of use.

Whenever any spirits intended for bottling-in-bond are to be dumped or received by pipeline on bottling premises for bottling (or are to be reduced in proof, filtered, or stabilized for such bottling), the proprietor shall prepare a dump record. Each dump record shall (a) identify the spirits to be dumped, (b) show the trade name under which the distiller produced and warehoused the spirits, if any, in addition to the real name of the distiller, (c) be prominently marked in the top margin with the words "Spirits to be bottled in bond", and (d) be serially numbered within the same series as dump and batch records covering spirits dumped for other purposes.

(72 Stat. 1356 (26 U.S.C. 5201).)

PAR. 49. Section 201.470h is revised to delete the requirement for the assigned officer's verification and release of spirits. As revised § 201.470h reads as follows:

§ 201.470h Bottling.

Spirits may be bottled in bond only from approved bottling tanks. On completion of any filtration, stabilization, and reduction of spirits to be bottled in bond, the proprietor shall determine the quantity and proof of the spirits deposited in each bottling tank and shall prepare Part I of Form 2637. Form 2637 shall be attached to the bottling tank. Where two or more lots of spirits are to be bottled in bond at the same time, or where a lot of spirits to be bottled in bond is to be bottled simultaneously with a lot of spirits to be otherwise bottled, the bottling shall be conducted in such manner as to prevent any mingling of the different lots. Where part of a lot of spirits is to be bottled in bond for export and the proof is further reduced, the proprietor shall determine the quantity and proof of the spirits after further reduction and enter the results of the gauge in the first unused line of Part II of Form 2637. Bottling tanks and pipelines shall be so equipped that the flow of spirits through the tanks may be controlled by Government locks. So long as any spirits which are to be bottled in bond remain in a bottling tank, the tank shall be locked with Government locks at all times that the assigned officer is not on the plant premises.

(72 Stat. 1356, 1357 (26 U.S.C. 5201, 5202).)

PAR. 50. Section 201.470j is revised in its entirety to read as follows:

§ 201.470j Labels to agree with contents of tanks and bottles.

Labels affixed to bottles shall agree in every respect with the spirits in the tanks from which the bottles are filled. The proprietor's records shall be such that they will enable alcohol, tobacco and firearms officers to readily determine, by case serial number, which label was used on any given filled bottle. If an alcohol, tobacco and firearms officer finds that the label and spirits do not agree in every respect, he shall not permit the spirits to be bottled, or if the bottles are labeled with labels which do not agree with the spirits in every respect, he shall require the proprietor to relabel the bottles with proper labels.

(72 Stat. 1353, as amended, 1374 (26 U.S.C. 5178, 5301).)

PAR. 51. Section 201.470k is revised in its entirety to read as follows:

§ 201.470k Filling of bottles.

(a) *Proof and fill tests.* (1) Proprietors shall test and examine bottles of bottled-in-bond spirits at frequent intervals during bottling operations to determine whether the spirits contained in such bottles agree in proof and quantity (fill) with that stated on the label or bottle. (2) If the regional regulatory administrator finds that a proprietor's test procedures do not protect the revenue and insure the label accuracy of the bottled product, he may require corrective measures.

(b) *Variations in proof and fill.* If the contents do not agree with the respective data on the label or bottle as to—

(1) Quantity (fill), except for such variations in measuring as may occur in filling conducted in compliance with good commercial practice and there is substantially as much overfill as underfill for each lot of spirits bottled on form 2637, and/or

(2) Proof, subject to a normal drop in proof occuring during bottling operations not to exceed three-tenths of degree—

the proprietor shall rebottle, recondition, or relabel the spirits in such manner that the label will correctly describe the contents.

(c) *Proof and fill test records.* (1) Proprietors shall record the results of all proof and fill tests made.

(2) The daily record shall be maintained in a manner and provide information that will enable alcohol, tobacco and firearms officers to determine whether the proprietor—

(i) Monitors filling operations by conducting proof and fill tests, and

(ii) Employs procedures to correct variations in proof and fill described in paragraph (b).

(3) Proof and fill test records shall contain, at a minimum, the following information—

(i) Date and time of test,

(ii) Form 2637 number,

(iii) Size of bottle,

(iv) Label proof,

(v) Test proof,

(vi) Percentage of overfill/underfill and

(vii) Corrective action taken (if any).

(4) Where the content, format and arrangement of the daily records do not comply with the provisions of paragraphs (c)(2) and (c)(3), the regional regulatory administrator may require a format or arrangement which will clearly and accurately reflect proof and fill test information.

(72 Stat. 1353, as amended, 1361, 1374, 1395, (26 U.S.C. 5178, 5207, 5301, 5555).)

PAR. 52. Section 201.470n is amended by deleting, in the last sentence, the words "Form 122" and inserting the words "dump or batch record". As revised, § 201.407n reads as follows:

§ 201.470n Salvaged spirits.

Spirits to be bottled in bond which are salvaged from the filtering or bottling operation may be added, under the direct supervision of the assigned officer, to a tank on bottling premises containing the same spirits or another lot of spirits of the same kind, produced by the same distiller, at the same distillery during the same distilling season which are also to be bottled in bond. Such spirits may also be mingled with homogeneous spirits or added to heterogeneous spirits in accordance with the provisions of Subpart N of this part. Salvaged spirits shall be reported on the dump or batch record covering the lot to which they were added, unless they are returned to the lot from which they were salvaged.

(72 Stat. 1356, 1366 (26 U.S.C. 5201, 5233).)

PAR. 53. Section 201.470p is amended by providing for the separate listing of case serial numbers by trade name on commercial records. As revised, § 201.470p reads as follows:

§ 201.470p Trade name.

Before a proprietor may bottle or label bottled-in-bond spirits under a trade name, he shall secure approval of such name in the manner prescribed by Subpart F of this part.

(72 Stat. 1366 (26 U.S.C. 5233).)

PAR. 54. Paragraph (d) of § 201.470q is amended by deleting the words "Forms 122 and 2637" and by inserting instead the words "Form 2637 and dump and batch records". As revised, paragraph (d) reads as follows:

§ 201.470q Rebottling, relabeling, or restamping.

* * * * *

(d) *Form 2637 and dump and batch records.* Form 2637 and dump and batch records shall be prepared in accordance with the provisions of this subpart to cover the rebottling of spirits under this section by the proprietor of bottling premises. Form 2637, appropriately modified, shall be prepared to cover the relabeling or restamping of such spirits by the proprietor of the bottling premises.

PAR. 55. Section 201.487 is revised to require accounting for closed system operations on dump and batch records. As revised, § 201.487 reads as follows:

§ 201.487 Losses in manufacture of gin and vodka.

(a) *General.* Where gin or vodka is manufactured on bottling premises by the proprietor who withdrew the spirits from bond on payment or determination of tax, in a closed system (approved as such by the regional regulatory administrator, in a manner similar to that authorized for bonded premises, the proprietor may be allowed actual determined losses of spirits incurred in such manufacture in addition to being allowed the losses otherwise allowable under this subpart.

(b) *Closed system accounting.* The proprietor shall record on dump or batch records, the quantity of spirits entered into the closed system and the quantity of product removed therefrom. The dump or batch records of closed systems operations shall be prepared and maintained in accordance with the provisions of § 201.432. Dump and batch records shall show the quantities, by actual gauge, entered into and removed from, the closed system, and shall show the losses occurring therein.

(72 Stat. 1323 (26 U.S.C. 5008).)

PAR. 56. Section 201.507 is amended by adding, at the end of the last sentence, a reference to paragraph (f) of § 201.386, to correct an editorial error. As revised, § 201.507 reads as follows:

§ 201.507 Bulk conveyances.

Bulk conveyances which conform to the requirements of § 201.510 may be used (a) on bonded premises for original entry of spirits, and for filling from storage tanks, storing, transferring in bond, and withdrawing from bond of taxpaid spirits and of denatured spirits, and (b) on bottling premises for receiving, storing, and removing taxpaid spirits and wines. Spirits may be withdrawn free of tax, pursuant to the provisions of this part, in a bulk conveyance only for the use of the United States, or if the Director has authorized the proprietor, as provided in § 201.501, to so withdraw such spirits to a specified consignee. Spirits may be withdrawn without payment of tax, pursuant to the provisions of this part, in bulk conveyances for the purposes provided in § 201.386 (a), (b), (c), (e), and (f).

(72 Stat. 1360 (26 U.S.C. 5206).)

PAR. 57. Section 201.510 is amended by deleting paragraph (a)(1), renumbering paragraphs (a)(2) through (a)(8) and deleting the words "internal revenue" in paragraph (b) and inserting the words "alcohol, tobacco and firearms". As revised, § 201.510 reads as follows:

§ 201.510 Construction of bulk conveyances.

(a) *Construction.* All bulk conveyances authorized by this part shall conform to the following:

(1) If the conveyance consists of two of more compartments, each shall be so constructed or arranged that emptying of any compartment will not afford access to the contents of any other compartment.

(2) The conveyance (or in the case of compartmented conveyances, each compartment) shall be so arranged that it can be completely drained.

(3) Each tank car or tank truck shall have permanently and legibly marked thereon its number, capacity in wine gallons, and the name or symbol of its owner.

(4) If the conveyance consists of two or more compartments, each compartment shall be identified and the capacity of each shall be marked thereon.

(5) Permanent facilities shall be provided on tank trucks and tank cars to permit ready examination of manholes or other openings.

(6) A route board, or other suitable device, for carrying required marks, brands, and stamps shall be provided on each bulk conveyance.

(7) Calibrated charts, prepared or certified by competent and recognized authorities or engineers, showing the capacity of each compartment in wine gallons for each inch of depth, shall be carried with each tank truck, tank ship, or barge.

(b) *Proprietor's responsibility.* Before filling any bulk conveyance, the proprietor shall examine it to ascertain that it meets the requirements of this section and is otherwise suitable for receiving the spirits or denatured spirits, and he shall refrain from, or discontinue, using any such conveyance found by him or by an alcohol, tobacco and firearms officer to be unsuitable.

(72 Stat. 1357, 1360, 1362 (26 U.S.C. 5202, 5206, 5212, 5213, 5214).)

§ 201.511 [Revoked]

PAR. 58a. Section 201.511 is revoked.

PAR. 58b. Section 201.522 is amended to provide for alternate means of indicating the contents of tanks, as follows:

§ 201.522 Marks on tanks.

All tanks containing spirits or wines shall be marked to show or shall otherwise indicate (for example, by attachment of, or reference to, the transaction form or memorandum record) the kind of product contained in the tank. When denatured spirits are held in a storage tank or are retained in a mixing tank, the formula of the denatured spirits shall be marked or otherwise indicated on the tank.

PAR. 59. Section 201.532 is amended by deleting reference to submission of the daily stamp report, and by making a conforming change. As revised, § 201.532 reads as follows:

§ 201.532 Relabeling and restamping of bonded or bottling premises.

The proprietor of a distilled spirits plant may relabel, affix brand labels, or restamp bottled taxpaid spirits (including taxpaid bottled-in-bond spirits) on wholesale liquor dealer premises or at a taxpaid storeroom on, contiguous to, adjacent to, or in the immediate vicinity of the plant, if such wholesale liquor dealer premises or taxpaid storeroom is operated in connection with the plant. A proprietor who so desires to relabel, restamp, or affix brand labels shall make application, in duplicate, to the assigned officer, if any, at the plant, otherwise such application shall be submitted in triplicate to the regional regulatory administrator: *Provided,* That individual bottles constituting less than a full case may be relabeled and restamped with labels and stamps without the necessity of prior application. The approving officer may give continuing authority to conduct the operations described in applications submitted under this section.

(72 Stat. 1356, 1866 (26 U.S.C. 5201, 5233).)

PAR. 60. Section 201.540d is revised in its entirety to read as follows:

§ 201.540d Distinctive liquor bottles.

A proprietor desiring approval of a domestic liquor bottle of distinctive shape or design, including bottles of less than one-half pint capacity, whether or not such bottles bear the indicia required under Part 173 of this chapter, or, to use such distinctive liquor bottle, shall submit a letter application to the Director for approval. Each application shall be accompanied by ten 5" x 7" photographs and, if the bottle has not previously been declared distinctive, a specimen bottle or an authentic model or other representation accepable to the Director. Each application shall contain the following information as applicable:

(a) Date of application,

(b) Name, address and permit number of applicant,

(c) Description of the bottle,

(d) Size of the bottle,

(e) Kind of spirits to be contained in the bottle,

(f) A request to have the bottle declared distinctive (if the bottle has not previously been so declared by the Director),

(g) Distinctive container number (if the bottle has been previously declared distinctive by the Director),

(h) A request to use the bottle, and names, addresses and distilled spirits plant numbers of the plants where the bottle will be used,

(i) A request for waiver of headspace requirements, as provided in § 5.48 of this chapter, and

(j) Signature and title of applicant.

Properly submitted applications for approval of a distinctive liquor bottle, or for use of a distinctive liquor bottle, will be approved provided such bottles are found by the Director to meet the requirements of Part 5 of this chapter, to be distinctive, not to jeopardize the revenue, to be suitable for their intended purpose, and not to be deceptive to consumers. If the application is approved, the Director will send one photocopy of the approved application and one approved photograph of the distinctive bottle to the applicant and to each regional regulatory administrator.

§ 201.540e [Revoked]

PAR. 61. Section 201.540e is revoked.

PAR. 62. Paragraph (a) of § 201.543 is revised to delete the requirement for the assigned officer's approval of Form 428. As revised, paragraph (a) reads as follows:

§ 201.543 Procurement of strip stamps.

(a) *General.* Strip stamps may be obtained, without charge, by the proprietor, in reasonable anticipation of current needs, from the regional regulatory administrator of the region in which the plant is located, by requisition on Form 428. Such stamps may not be procured by one proprietor from another or transferred to another plant operated by the same proprietor, except on authorization by the regional regulatory administrator. Requisitions shall be for full sheets of such stamps. On receipt of the stamps the proprietor shall verify the quantity received and acknowledge receipt thereof, noting any discrepancies, on both copies of Form 428 returned by the regional regulatory administrator, forward one copy of the Form 428 to the regional regulatory administrator and retain one copy in his files.

* * * * *

(72 Stat. 1358 (26 U.S.C. 5205).)

PAR. 63. The heading and text of § 201.550 are revised in their entirety to read as follows:

§ 201.550 Procurement of distilled spirits stamps.

(a) *General.* Distilled spirits stamps may be obtained by the proprietor, without charge, in reasonable anticipation of current needs, from the regional regulatory administrator of the region in which the plant is located, by requisition on Form 428. Such stamps may not be procured by one proprietor from another proprietor or transferred between plants operated by the same proprietor, except on authorization by the regional regulatory administrator. On receipt of the stamps from the regional regulatory administrator the proprietor shall (1) verify the quantity received, (2) acknowledge receipt thereof, noting any discrepancies on both copies of Form 428 returned by the regional regulatory administrator, (3) forward one copy of the receipted Form 428 to the regional regulatory administrator, and (4) retain a copy for his files.

(b) *Alternate method.* When the regional regulatory administrator determines that the interests of the government will be served best thereby, the distilled spirits stamps may be supplied to the proprietor from a location other than the office of the regional regulatory administrator. In such case, the regional regulatory administrator shall notify the proprietor that the stamps will be supplied from an alternate location and inform him of the minimum or maximum quantity, if any, which may be requisitioned on any particular Form 428. Upon approval of Form 428, two copies of the form will be returned to the proprietor. Upon receipt of the stamps the proprietor shall (1) verify the quantity received, (2) acknowledge receipt thereof, noting any discrepancies on both copies of Form 428 returned, (3) forward one copy of Form 428 to the regional regulatory administer, and (4) retain a copy for his files.

(72 Stat. 1358 (26 U.S.C. 5205).)

PAR. 64. A new section, § 201.550a, is added immediately following § 201.550 to read as follows:

§ 201.550a Affixing of distilled spirits stamps.

Distilled spirits stamps shall be affixed and canceled by the proprietor before packages or conveyances are removed from the bonded premises or bottling premises, as the case may be. The stamps shall be securely affixed to the government head of the package, or the route board, or other suitable device of the bulk conveyance, or to an appropriate part of any other approved container, and thereupon canceled by drawing or otherwise imprinting a line (not less than one-eighth inch wide) in durable red ink diagonally across the stamp. Such stamps (except in the case of packages to be transferred to contiguous premises) shall be covered with a transparent coating of shellac, lacquer, varnish, or equally suitable material to protect the markings on the stamp. Where the bulk conveyance consists of separate compartments, a separate stamp shall be canceled and affixed to the appropriate route board for each compartment. Distilled spirits stamps shall remain on the containers or conveyances until the spirits therein are emptied. Such stamps shall be destroyed, as provided in § 201.531, when the containers are emptied.

(72 Stat. 1358 (26 U.S.C. 5205).)

PAR. 65. Section 201.551 is amended to require a notice, rather than an application, for the restamping of packages, conveyances, or other containers to which distilled spirits stamps are affixed. As revised § 201.551 reads as follows:

§ 201.551 Restamping packages, conveyances, or other containers.

Any package, conveyance, or other container of spirits which has been duly stamped with a distilled spirits stamp, but from which the stamp has been lost or destroyed by accident, shall, except as otherwise provided in this chapter, be restamped with another distilled spirits stamp. Notice of restamping shall be made in writing, in triplicate, to the assigned officer, if any, otherwise to the regional regulatory administrator for the region in which the package, convevance or other container to be restamped is located. The notice, which shall be executed under the penalties of perjury, shall set forth the following:

(a) The package identification number or serial number, as applicable, of each package, conveyance or other container (and proprietor's name thereon);

(b) The location of the package, conveyance, or other container;

(c) A description of the contents;

(d) The applicant's interest in the property;

(e) The tax status of the spirits (supported, by certified copies of the withdrawal forms);

(f) Statement by the applicant (or person having knowledge of the facts) that the package, conveyance, or other container was once duly stamped (and evidence thereof); and

(g) The circumstances connected with the destruction or loss of the stamps.

(72 Stat. 1358 (26 U.S.C. 5205).)

PAR. 66. A new section, § 201.551a, is added immediately following § 201.551, to read as follows:

§ 201.551a Distilled spirits stamp accounting.

Proprietors are responsible for proper control of and accounting for all distilled spirits stamps received. Stamps that have been mutilated shall be destroyed under the supervision of an alcohol, tobacco and firearms officer, and unused stamps for which the proprietor has no use shall be disposed of in accordance with the instructions of the regional regulatory administrator. Proprietors shall not transfer or dispose of distilled spirits stamps charged to their account except as provided in this part. Proprietors shall keep records and submit reports relating to such stamps in accordance with the provisions of Subpart U of this part.

(72 Stat. 1358 (26 U.S.C. 5205).)

PAR. 67. Section 201.562 is revised in its entirety to read as follows:

§ 201.562 Application or notice, Form 1577.

(a) *Destruction of spirits withdrawn from bond.* Spirits that have been withdrawn from bond on payment or determination of tax for rectification or bottling may be destroyed pursuant to application on Form 1577, filed in triplicate with the alcohol, tobacco and firearms officer, or if none is regularly assigned, with the area supervisor. The spirits may be destroyed before removal from the bottling premises of the distilled spirits plant to which removed from bond or after return to such bottling premises.

(b) *Destruction of spirits in bond.* Spirits in bond (including denatured spirits) may be destroyed pursuant to notice on Form 1577, prepared in quadruplicate. A copy of the notice shall be delivered to the assigned alcohol, tobacco and firearms officer before dumping spirits for destruction.

(c) *Conditions.* (1) The proprietor shall furnish such supporting documents as the approving officer may request.

(2) If the proprietor desires to destroy spirits at some place other than on bonded or bottling premises, as the case may be, the approving officer may require that the spirits be moved to a more convenient location.

(3) The quantity of spirits to be destroyed shall be gauged by the proprietor and the result shall be entered on Form 1577 by the proprietor.

(4) The extent of supervision to be provided for the destruction of spirits shall be determined by the approving officer.

(5) The original and copies of the form shall be distributed in accordance with instructions on the form.

(72 Stat. 1323, as amended (26 U.S.C. 5008).)

PAR. 68. Section 201.583 is amended to make changes in the preparation and distribution of Form 2612. As revised, § 201.583 reads as follows:

§ 201.583 Receipt of returned taxpaid spirits.

On receipt of tax paid spirits eligible for return to bonded premises, the proprietor shall gauge the spirits in the presence of the assigned officer. The proprietor shall execute his receipt for the spirits and report of gauge on all copies of the approved Form 2612 and dispose of all copies of the form in accordance with the instructions thereon. When containers of such spirits are emptied, the proprietor shall comply with the applicable provisions of § 201.531.

(72 Stat. 1364, as amended (26 U.S.C. 5215).)

PAR. 69. Section 201.613 is amended to delete the reference to Form 122. As revised, § 201.613 reads as follows:

§ 201.613 Forms to be provided by user at own expense.

Forms 338 and 2637 shall be provided by the users at their own expense and shall be in the form prescribed by the Director.

(72 Stat. 1361 (26 U.S.C. 5207).)

PAR. 70. Section 201.622 is amended by inserting a new paragraph (b)(3)(iii), and by redesignating the present text of paragraphs (b)(3)(iii), (iv), (v), and (vi), as paragraphs (b)(3)(iv), (v), (vi), and (vii), respectively. As amended, paragraph (b) reads as follows:

§ 201.622 Daily bonded storage records.

* * * * *

(b) *Other transactions.* Each proprietor shall also maintain records reflecting:

(1) The mingling of spirits under §§ 201.297 and 201.301;

(2) The blending of beverage rums and brandies under §§ 201.307 and 201.308;

(3) The bottling of spirits under Subpart K of this part, including—

(i) Spirits entered for bottling in bond,

(ii) Spirits bottled and cased for domestic use or for export,

(iii) The results of bottling proof and fill tests (as provided in § 201.333),

(iv) Bottled spirits returned to storage,

(v) The rebottling, relabeling, or restamping of bottled spirits (domestic spirits rebottled, relabeled, or restamped for export shall be appropriately identified on the Form 1515),

(vi) Alcohol bottled, and

(vii) The gains and losses determined during bottling;

(4) The change of packages under § 201.295; and

(5) The quick-aging of spirits, or the addition of oak chips to spirits or burnt sugar or caramel to brandy and rum under § 201.292.

Records for storage tanks on bonded premises which contain spirits of less than 190° of proof shall show the gauge, in tax gallons, of spirits removed from each tank, the purpose for which removed, and the transaction form and its serial number covering the removal from the tank. If the spirits in such tanks are filled into packages, the record for each tank shall also indicate the gauge of the spirits in the tank both before and after the filing operations; the number, average tax gallons per package, and the package identification numbers, of the packages filled; and the serial numbers of the related Form 2323 (Form 1685 in the case of blended rums or brandies) covering spirits deposited in the tank. The disposition of packages so filled shall be recorded by identifying the related transaction form (such as Form 179, 236, or 2629) and its serial number, and the number of packages involved in each transaction. The records shall meet the requirements of § 201.630b.

(72 Stat. 1361 (26 U.S.C. 5207).)

PAR. 71. Section 201.623 is amended by (1) making conforming changes for the elimination of Form 122 in paragraphs (b) and (c), (2) requiring proprietors to maintain proof and fill test records in a new paragraph (g), and (3) redesignating the present texts of paragraphs (g), (h), (i), (j), (k), and (l) as paragraphs (h), (i), (j), (k), (l), and (m) respectively. As amended, § 201.623 reads as follows:

§ 201.623 Daily bottling premises records.

* * * * *

(b) The spirits and wines dumped for rectification, or bottling or packaging without rectification, showing the serial number of the dump or batch record covering such dump.

(c) The spirits, wines, and alcoholic flavoring materials and non-alcoholic flavoring materials and other ingredients used for rectification, showing the serial number of the batch record covering such use.

* * * * *

(g) The results of bottling proof and fill tests (required by §§ 201.459 and 201.470k).

(h) The rebottling, relabeling and restamping of bottled products.

(i) The spirits, wines, an alcoholic flavoring materials removed from the premises. The total removals for each day shall be summarized showing (1) The spirits and wines removed after rectification but without bottling or packaging,

(2) Rectified products removed after bottling or packaging, (3) The spirits and wines removed after bottling or packaging without rectification, and (4) The spirits, wines, and alcoholic flavoring materials removed without rectification, bottling, or packaging.

(j) The samples of spirits and rectified products removed from the bottling premises and the name and address of the consignee of such samples.

(k) The accumulation and taxpayment of rinsings on bottling premises.

(l) The voluntary destruction of spirits, showing separately (1) Spirits destroyed before completion (including spirits returned to the bottling premises and dumped for reprocessing or rebottling), and (2) spirits destroyed after completion (including spirits returned to the bottling premises and not dumped for reprocessing or rebottling).

(m) The losses which occur (1) by reason of accident while being removed from bond to bottling premises (where such losses occur, the actual quantity of spirits received shall be reported in the record required by paragraph (a) of this section), (2) by reason of accident while on the bottling premises and that amount to 10 proof gallons or more in respect of any one accident, (3) by theft, or (4) by reason of flood, fire, or other disaster.

* * * *

(72 Stat. 1361 (26 U.S.C. 5207).)

PAR. 72. A new section, § 201.624a, is added immediately following § 201.624 to read as follows:

§ 201.624a Daily record of distilled spirits stamps.

Each proprietor of bottling premises or bonded premises shall maintain, for each day a transaction in distilled spirits stamps occurs, a daily record of distilled spirits stamps, showing the number received, used, or otherwise disposed of, and on hand at the beginning of the day and at the end of the day. The record shall also show the transaction form and its serial number covering the use of the distilled spirits stamps.

(72 Stat. 1361 (26 U.S.C. 5207).)

PAR. 73. Section 201.625 is amended by revising the requirement for the filing of Form 338, (2) revising the requirement for mandatory information shown on records of receipt and disposition, and (3) making conforming changing. As revised, § 201.625 reads as follows:

§ 201.625 Daily record of wholesale liquor dealer and taxpaid storeroom operations.

Where the proprietor, in connection with his plant, conducts wholesale liquor dealer operations, or operates a taxpaid storeroom, on, contiguous to, adjacent to, or in the immediate vicinity of plant premises, or operates storage premises at another location from which distilled spirits are not sold at wholesale, he shall maintain daily records of the receipt and disposition of all distilled spirits and wines at such premises, and of all restamping operations conducted under the provisions of § 201.532. A separate record shall be kept for each such premises. The records in respect of the receipt and disposition of distilled spirits and wines shall contain all data necessary to enable alcohol, tobacco and firearms officers to identify and trace such receipts and dispositions, and to ascertain whether there has been compliance with all internal revenue laws and regulations relating thereto, and to provide the proprietor with records from which to compile data for his semiannual report on Form 338 when so required by the regional regulatory administrator. In addition to any other information shown therein, such records shall include:

(a) *As to receipts and dispositions.* (1) The date of the transaction (or date of discovery in the case of casualty or theft),

(2) The name and address of each consignor or consignee, as the case may be,

(3) The brand name,

(4) The kind of spirits,

(5) The actual quantity of distilled spirits involved (proof gallons if in packages, wine gallons or liters if in bottles),

(6) The package identification numbers or serial numbers of packages involved,

(7) The name of the producer, and

(8) The country of origin, if imported spirits.

(b) *As to case dispositions.* In addition to the requirements listed in paragraph (a) of this section, the serial numbers of cases involved; however, the regional regulatory administrator may, upon receipt of an application, in duplicate, and a finding that such recording is not necessary to law enforcement or protection of the revenue, relieve a dealer from the requirement of recording such case serial numbers.

(c) *As to restamping operations.* (1) The date of the transaction,

(2) The serial numbers of the cases involved,

(3) The total number of bottles,

(4) The name of the bottler, and

(5) The number and kind of strip stamps used.

PAR. 74. Paragraphs (b), (d), and (e) of § 201.629 are amended to make conforming changes. As revised, paragraphs (b), (d) and (e) read as follows:

§ 201.629 Warehouse summary accounts.

* * * * *

(b) *Basic accounts of spirits in packages and cases.* Separate basic accounts for spirits in packages and for spirits in cases shall be maintained on Form 1621 for each producer (bonded warehouse proprietor in the case of blended rums or brandies and spirits of 190° or more of proof), by kind of spirits (class), and by season of production, showing the number of packages or cases, and the total tax gallons therein, deposited in, withdrawn from, and remaining in the warehouse. Basic accounts for spirits in packages which have been mingled under the provisions of § 201.301 shall be separately maintained from basic accounts for spirits which have not been so mingled. The basic accounts shall be arranged as follows: (1) For domestic spirits, other than blended rums or brandies and spirits of 190° or more of proof, alphabetically by States and numerically by the plant number of the producer (spirits produced under trade names, for the purpose of this record, shall be treated as being produced under the real name of the producer);

(2) For demestic blended rums or brandies and spirits of 190° or more of proof, alphabetically by States and numerically by the plant number of the bonded warehouse proprietor who blended the rums or brandies or who filled the packages of spirits of 190° or more of proof, as the case may be;

(3) For imported spirits, alphabetically by States and numerically by the plant number of the bonded warehouse proprietor who received the spirits from customs custody; and

(4) For Virgin Islands or Puerto Rican spirits, alphabetically by the name of the producer in the Virgin Islands or in Puerto Rico.

* * * * *

(d) *Basic accounts of spirits of 190° or more of proof in tanks.* A basic account shall be maintained on Form 1621 for each kind (class) of spirits of 190° or more of proof stored in tanks (including tank cars, tank trucks, or similar vessels). The account shall show the total tax gallons deposited in, withdrawn from, and remaining in all tanks covered by such account.

(e) *Summary of containers and kinds.* The basic accounts maintained in accordance with paragraphs (b), (c), and (d) of this section shall, at the end of each month (or such lesser period as required by the regional director) be summarized to show, for each type of container, the total tax gallons deposited in, withdrawn from, and remaining in the warehouse by each kind (class) of spirits, and the total tax gallons deposited in, withdrawn from, and remaining in the warehouse for all kinds (classes) of spirits. Such summaries shall be maintained on Form 1621, and shall include all losses (or gains) such as those disclosed by inventory or on emptying a tank (see § 201.311).

(72 Stat. 1361 (26 U.S.C. 5207).)

§ 201.630 [Revoked]

PAR. 75. Section 201.630 is revoked.

PAR. 76. Section 201.631 is amended to make conforming changes regarding the disposition of copies of transaction forms and reports. As revised, § 201.631 reads as follows:

§ 201.631 Submission of transaction forms and reports.

(a) *Transaction forms.* Completed copies of transaction forms required by this part shall be submitted by the proprietor to the alcohol, tobacco and firearms officer and/or the regional regulatory administrator no later than the close of the business day next succeeding the date of the transaction, as provided by this part and by instructions on the individual forms.

(b) *Timely submission of operational notices.*-Where this part requires an advance copy of a notice to be submitted to an alcohol, tobacco and firearms officer before commencing an operation, such notice shall be submitted at such time to provide the officer sufficient opportunity to determine whether such operation should be conducted in his immediate presence.

(c) *Reports.* (1) Semimonthly reports (taxable samples) required by this part shall be submitted to the alcohol, tobacco and firearms officer and/or the regional regulatory administrator on or before the third business day preceding the due date for filing a return covering the period during which the samples were taken, and in accordance with the instructions on the form.

(2) Monthly, quarterly, and semiannual reports required by this part shall be submitted by the proprietor to the alcohol, tobacco and firearms officer and/or the regional regulatory administrator in accordance with the instructions on the form.

(72 Stat. 1361 (26 U.S.C. 5207).)

PAR. 77. The heading and text of § 201.633a are revised as follows:

§ 201.633a Quarterly report of bottle strip stamps and distilled spirits stamps, Form 2260.

As of the close of business March 31, June 30, September 30, and December 31, of each year, each proprietor using strip stamps or distilled spirits stamps shall prepare Form 2260, in accordance with the instructions on the form. A separate report shall be prepared for each kind of stamp used. Copies of the completed report shall be filed as provided in the instructions on the form.

(72 Stat. 1361, 1395 (26 U.S.C. 5207, 5555).)

PAR. 78. Paragraph (d) of § 201.634 is amended to provide for the submission of Form 338 only when required by the regional regulatory administrator. As revised, § 201.634 reads as follows:

§ 201.634 Semiannual reports.

(a) *General.* Semiannual reports required by this section shall be prepared in triplicate; the original and one copy shall be filed as provided in § 201.631, and the remaining copy retained by the proprietor.

(b) *Form 332.* As of the close of business June 30, and December 31, of each year, each proprietor of a bonded warehouse shall prepare, on Form 332, a statement by kind, season, and year of production, of spirits in his bonded warehouse. A separate Form 332 shall be prepared for spirits which have been mingled under § 201.301 and for spirits which have not been so mingled. Spirits of 190° or more of proof (on which a record of age is not kept) shall be reported as a single item on Form 332; however, the quantity of such domestic spirits and of such imported spirits shall be reported separately. Imported spirits of less than 190° of proof shall be reported on a separate line, appropriately identified as "imported," giving the total quantity of each kind of such imported spirits in the appropriate column on Form 332.

(c) *Form 2546.* As of the close of business June 30, and December 31, of each year, each proprietor of a bonded warehouse shall prepare, on Form 2546, a report of spirits mingled under § 201.301 during the preceding 6-month period. A separate report shall be prepared for each kind of spirits.

(d) *Form 338.* When required in writing by the regional regulatory administrator, each proprietor who, in connection with his plant, conducts wholesale liquor dealer operations, or operates a taxpaid storeroom, on, contiguous to, adjacent to, or in the immediate vicinity of plant premises, or operates storage premises at another location from which distilled spirits are not sold at wholesale, shall prepare, on Form 338, as of the close of business June 30 and December 31, of each year, a report showing the total quantity of distilled spirits received and disposed of during the preceding 6-month period.

(72 Stat. 1361, 1395 (26 U.S.C. 5207, 5555).)

PART 250—LIQUORS AND ARTICLES FROM PUERTO RICO AND THE VIRGIN ISLANDS

PAR. 79. Section 250.314 is revised in its entirety to read as follows:

§ 250.314 Distinctive liquor bottles.

Liquor bottles of distinctive shape or design, including bottles of less than one-half pint capacity (whether or not such bottles bear the indicia required under Part 173 of this chapter), may be brought into the United States from Puerto Rico or the Virgin Islands by an importer (filled bottles) or a bottler (empty bottles). The importer or bottler, as applicable, shall submit a letter application to the Director for approval prior to bringing such bottles into the United States. Each application shall be accompanied by ten 5" x 7" photographs, and, if the bottle has not previously been declared distinctive, a specimen bottle or an authenic model or representation acceptable to the Director. Each application shall contain the following information as applicable:

(a) Date of application,

(b) Name, address and permit number of applicant,

(c) Description of the bottle,

(d) Size of the bottle,

(e) Kind of spirits to be contained in the bottle,

(f) A request to have the bottle declared distinctive (if the bottle has not previously been so declared by the Director),

(g) Distinctive container number (if the bottle has been previously declared distinctive by the Director),

(h) A request to bring the distilled spirits into the United States in the distinctive liquor bottle,

(i) A request for waiver of headspace requirements, as provided in § 5.48 of this chapter, and

(j) Signature and title of applicant.

Properly submitted applications to bring distinctive liquor bottles, either filled or empty, into the United States from Puerto Rico or the Virgin Islands will be approved, provided such bottles are found by the Director to meet the requirements of Part 5 of this chapter, to be distinctive, not to jeopardize the revenue, to be suitable for their intended purpose, and not to be deceptive to consumers. If the application is approved, the Director will send one photocopy of the approved application and one approved photograph of the distinctive bottle, to the applicant and to each regional regulatory administrator. The applicant is responsible for furnishing a copy of both the approved application and photograph of the distinctive bottle to Customs officials at each affected port of entry where the merchandise is examined.

§ 250.315 [Revoked]

PAR. 80. Section 250.315 is revoked.

PART 251—IMPORTATION OF DISTILLED SPIRITS, WINES, AND BEER

PAR. 81a. Paragraph (a) of § 251.172 is amended by deleting the parenthetical phrase concerning consent of surety. As amended, paragraph (a) reads as follows:

§ 251.172 Application, Form 2609.

(a) *Application for continuing Form 2609.* The proprietor of a distilled spirits plant desiring to withdraw distilled spirits as authorized in § 251.171, shall submit an application on Form 2609, in triplicate, to the alcohol, tobacco and firearms officer. The application shall be modified by the applicant to cover the transfer of distilled spirits from customs custody, by naming the port of entry through which the spirits are to be withdrawn. If spirits are to be withdrawn through more than one port of entry, a separate continuing Form 2609 shall be filed for each port. The application will not be approved unless the applicant's bond on Form 2601 is in the maximum penal sum, or, if in less than the maximum penal sum, is sufficient to cover the tax on the spirits to be transferred in addition to all other liabilities chargeable against such bond, nor shall any application for withdrawal of spirits in bulk containers be approved unless the applicant has provided suitable facilities as provided in § 201.239. When the alcohol, tobacco and firearms officer approves Form 2609, he shall retain one copy for his files and return the original and one copy to the applicant. The applicant shall retain one copy and forward the original of Form 2609 to the importer or other person responsible for the release of the spirits from customs custody, who shall submit the form to the customs officer at the port of entry from which the distilled spirits will be withdrawn. The customs officer shall retain the form in his records.

* * * * *

PAR. 81b. Section 251.204 is revised in its entirety as follows:

§ 251.204 Distinctive liquor bottles.

Liquor bottles of distinctive shape or design, including bottles of less than one-half capacity (whether or not such bottles bear the indicia required under Part 173 of this chapter), may be imported by an importer (filled bottles) or a bottler (empty bottles). The importer or bottler, as applicable, shall submit a letter of application to the Director for approval, prior to importation of the bottles. Each application shall be accompanied by ten 5" x 7" photographs and, if the bottle has not previously been declared distinctive, a specimen bottle or an authentic model or other representation acceptable to the Director. Each application shall contain the following information as applicable:

(a) Date of application,

(b) Name, address and permit number of applicant,

(c) Description of the bottle,

(d) Size of the bottle,

(e) Kind of spirits to be contained in the bottle,

(f) A request to have the bottle declared distinctive (if the bottle has not been so declared by the Director),

(g) Distinctive container number (if the bottle has been previously declared distinctive by the Director).

(h) A request to import the distilled spirits in the distinctive liquor bottles,

(i) A request for waiver of headspace requirements, as provided in § 5.48 of this chapter, and

(j) Signature and title of applicant. Properly submitted applications to import distinctive liquor bottles will be approved, provided such bottles are found by the Director to meet the requirements of Part 5 of this chapter, to be distinctive, not to jeopardize the revenue, to be suitable for their intended purpose, and not to be deceptive to consumers. If the application is approved, the Director will send one photocopy of the approved application and one approved photograph of the distinctive bottle to the applicant and to each regional regulatory administrator. The applicant is responsible for furnishing a copy of both the approved application and photograph of the distinctive bottle to Customs officials at each affected port of entry where the merchandise is examined.

§ 251.205 [Revoked]

PAR. 82. Section 251.205 is revoked.

PART 252—EXPORTATION OF LIQUORS

PAR. 83. Section 252.11 is amended, in alphabetical order, by (1) adding a definition for "Alcohol, tobacco and firearms officer", (2) making conforming changes for the definitions of "Assistant regional commissioner", "Director, Alcohol, Tobacco and Firearms Division", and "Internal revenue officer", and (3) adding a definition for "Regional regulatory administrator". As amended, § 252.11 reads as follows:

§ 252.11 Meaning of terms.

* * * * *

Alcohol, tobacco and firearms officer. An officer or employee of the Bureau of Alcohol, Tobacco and Firearms duly authorized to perform any function relating to the administration or enforcement of this part.

Assistant regional commissioner. Whenever used in this part shall mean a regional regulatory administrator as defined in this section.

* * * * *

Collector of customs. Wherever used in this part shall mean a District director of customs as defined in this section.

* * * * *

Customs officer. Any officer of the Customs Service or any commissioned, warrant, or petty officer of the Coast Guard, or any agent or other person authorized by law or designated by the Secretary of the Treasury to perform any duties of an officer of the Customs Service.

(19 U.S.C. 1401(i))

* * * * *

Director, Bureau of Alcohol, Tobacco and Firearms. The Director, Bureau of Alcohol, Tobacco and Firearms, the Department of the Treasury, Washington, D.C.

* * * * *

Director of customs. Wherever used in this part shall mean a District director of customs as defined in this section.

* * * * *

District director of customs. The district director of customs at a headquarters port of the district (except the district of New York, N.Y.); the area directors of customs in the district of New York, N.Y.; and the port director at a port not designated as a headquarters port.

* * * * *

Internal revenue officer. Whenever used in this part and in Chapter 51 of 26 U.S.C. shall mean the alcohol, tobacco and firearms officer as defined in this section.

* * * * *

Regional regulatory administrator. The principal regional official responsible for administering regulations in this part.

* * * * *

PAR. 84. Section 252.92 is amended to (1) designate Form 206 as an application or notice, and (2) make conforming changes. As amended, § 252.92 reads as follows:

§ 252.92 Application or notice, Form 206.

(a) *Export, use on vessels and aircraft, and transfer to a foreign-trade zone or a customs bonded warehouse.* Application for or notice of the withdrawal of distilled spirits without payment of tax for exportation from the United States, or for use on vessels and aircraft, or for transfer to a customs bonded warehouse or a foreign-trade zone, shall be made by the exporter on Form 206, in quadruplicate, except that where the shipment is for use on aircraft, an extra copy, marked "Consignee's Copy", shall be prepared. Where the exporter is not the proprietor of the bonded premises of the distilled spirits plant from which the spirits are to be withdrawn, the exporter shall prepare Form 206 as an application in accordance with the instructions on the form and shall forward all copies of the form to such proprietor, except that where the withdrawals are being made under the limitations set forth in § 252.62 (b), all copies of Form 206 shall be submitted to the alcohol, tobacco and firearms officer at the designated distilled spirits plant as provided in that section. Where the exporter is the proprietor of the bonded premises of the distilled spirits plant from which the spirits are withdrawn, the exporter shall prepare Form 206 as a notice in accordance with the instructions on the form.

(b) *Manufacturing bonded warehouse.* Application for the withdrawal of distilled spirits without payment of tax for transportation to and deposit in a manufacturing bonded warehouse shall be made by the proprietor of such warehouse on Form 206, in quadruplicate. The proprietor shall forward all copies of the application to the proprietor of the bonded premises of the distilled spirits plant from which the spirits are to be withdrawn, except that where the withdrawals are being made under the limitations set forth in § 252.64(b), all copies of Form 206 shall be submitted to the alcohol, tobacco and firearms officer at the designated distilled spirits plant as provided in that section and in applicable provisions of § 252.62(b).

(72 Stat. 1362, 1393, 84 Stat. 1965 (26 U.S.C. 5214, 5522, 5066).)

PAR. 85. Section 252.96 is amended to make conforming and editorial changes. As amended, § 252.96 reads as follows:

§ 252.96 Notice of intention to withdraw; approval of application.

(a) *Bond coverage previously approved.* Where Form 206 has been approved as to bond coverage by an alcohol, tobacco and firearms officer at another distilled spirits plant, as provided for in §§ 252.62(b) and 252.64(b), the proprietor shall present all copies of the Form 206 to the alcohol, tobacco and firearms officer at his plant for his information, and notify him of his intention to withdraw distilled spirits without payment of tax pursuant to such Form 206. If the alcohol, tobacco and firearms officer is satisfied that the spirits described on the form are eligible for withdrawal, he shall return all copies of the form to the proprietor.

(b) *Bond coverage not approved.* Where prior approval of bond coverage has not been obtained, the proprietor shall submit all copies of Form 206 to the alcohol, tobacco and firearms officer at his plant for approval of the application. If the alcohol, tobacco and firearms officer is satisfied that the Form 206 has been properly executed, that the required bond has been filed in a sufficient amount, and that described spirits are eligible for withdrawal, he shall indicate his approval of the application on all

copies of the form and return them to the proprietor.

(72 Stat. 1362 (26 U.S.C. 5214).)

PAR. 86. Section 252.101 is amended by deleting the reference to the issuance of distilled spirits stamps by the assigned officer. As amended, § 252.101 reads as follows:

§ 252.101 Packages to be stamped.

Every package and authorized bulk conveyance of spirits (including tank cars and tank trucks but not pipelines) withdrawn without payment of tax under the provisions of this subpart shall have a distilled spirits stamp, overprinted with the word "Export", affixed thereto at the time of its removal from the bonded premises. Such stamps shall be overprinted, affixed, and canceled, in accordance with the provisions of Part 201 of this chapter.

(72 Stat. 1358 (26 U.S.C. 5205).)

PAR. 87. The heading and text of § 252.105 are amended to reflect changes in the processing and distribution of Form 206. As amended, § 252.105 reads as follows:

§ 252.105 Report of inspection and tax liability.

When the spirits are ready for shipment, the proprietor shall execute his report of inspection and tax liability on all copies of Form 206.

(72 Stat. 1362 (26 U.S.C. 5214).)

PAR. 88. Section 252.107 is revised in its entirety to read as follows:

§ 252.107 Disposition of forms.

Form 206 (and accompanying Form(s) 2630, if any) shall be distributed by the proprietor in accordance with the instructions on the form.

(72 Stat. 1362 (26 U.S.C. 5214).)

PAR. 89. Section 252.118 is amended to reflect changes in forms disposition. As amended, § 252.118 reads as follows:

§ 252.118 Disposition of forms.

The receipt, gauge, and disposition of the distilled spirits at the distilled spirits plant shall be in accordance with the applicable provisions of Part 201 of this chapter. On receipt of the report of gauge, Form 2630, from the proprietor, the alcohol, tobacco and firearms officer shall endorse, on each copy of the approved application to return the spirits, the date received and the total amount in proof gallons, and affix his signature and title. He shall retain a copy of the endorsed application and Form 2630 for his files and return the remaining copies to the proprietor of the distilled spirits plant receiving the returned spirits. That proprietor shall forward the original Form 206, with attachments, to the regional director designated on the form, the original of the endorsed application (with Form 2630) to the regional regulatory administrator of his region, a copy of the endorsed application to the distilled spirits plant proprietor from which the spirits were withdrawn, and retain a copy of Form 206 (with attachments) and a copy of Form 2630 for his files.

(72 Stat. 1362, 1365 (26 U.S.C. 5214, 5223).)

PAR. 90. The heading and text of § 252.152 are amended to (1) provide for changes in the disposition of Form 206, and (2) make conforming changes. As amended, § 252.152 reads as follows:

§ 252.152 Notice, Form 206.

Notice of withdrawal of specially denatured spirits, as authorized in § 252.151, shall be made on Form 206, in quadruplicate, by the proprietor of the distilled spirits plant from which the denatured spirits are to be withdrawn. Prior to the lading of spirits aboard any conveyance for removal from the bonded premises, a copy of the form shall be submitted to the alcohol, tobacco and firearms officer.

(48 Stat. 998, as amended, 72 Stat. 1362 (19 U.S.C. 81c, 26 U.S.C. 5214).)

PAR. 91. Section 252.153 is amended to make a conforming change. As amended, § 252.153 reads as follows:

§ 252.153 Withdrawal procedure.

The provisions of §§ 252.93, 252.94, 252.98, 252.105, and 252.117 in respect of method of conveyance, authorized containers, gauging, inspection, approval and shipment, report of removal, and disposition of forms shall be applicable to specially denatured spirits to be withdrawn under the provisions of this subpart.

(48 Stat. 999, as amended, 72 Stat. 1362 (19 U.S.C. 81c, 26 U.S.C. 5214).)

PAR. 92. Section 252.163 is amended to reflect changes in form disposition. As amended, § 252.163 reads as follows:

§ 252.163 Disposition of forms.

The receipt, gauge, and disposition of the specially denatured spirits at the distilled spirits plant shall be in accordance with the applicable provisions of Part 201 of this chapter. On receipt of the report of gauge from the proprietor, the alcohol, tobacco and firearms officer shall endorse, on each copy of the approved application to return the specially denatured spirits, the date received and the total amount in wine gallons, and affix his signature and title. He shall retain a copy of the endorsed application and a report of gauge for his files and return the remaining copies to the proprietor of the distilled spirits plant receiving the returned specially denatured spirits. That proprietor shall forward the original Form 206, with attachments, to the regional regulatory administrator designated on the form, the original of the endorsed application, with Form 2630, to the regional regulatory administrator of his region, a copy of the endorsed application to the distilled spirits plant proprietor from which the specially denatured spirits were withdrawn, and retain a copy of Form 206 (with attachments) for his files.

(72 Stat. 1362, 1365 (26 U.S.C. 5214, 5223).)

§ 252.175 [Revoked]

Par. 93. Section 252.175 is revoked.

§ 252.176 [Revoked]

Par. 94. Section 252.176 is revoked.

§ 252.177 [Revoked]

Par. 95. Section 252.177 is revoked.

Par. 96. Section 252.195a is amended by (1) deleting reference to Form 122 and inserting reference to dump and batch records, (2) providing for submission of evidence of tax payment, when requested by the regional regulatory administrator, for imported distilled spirits or wines that are rectified, and (3) making confirming changes. As amended, § 252.195a reads as follows:

§ 252.195a Claim.

The bottler or packager of the spirits shall compute the drawback rate, unless the regional regulatory administrator has, under the provisions of § 253.178, established a standard drawback rate, and shall complete Parts II and III on both copies of Form 1582. If a standard drawback rate has been established for a rectified product other than gin and vodka produced exempt from rectification tax, the date of approval of the formula and the number shall be shown in any available space in Part II of Form 1582.

The bottler or packager shall file one copy as the claim for drawback of tax with the regional director for the region in which the claimant's premises are located, and retain one copy for his files. Each claim on Form 1582 shall be supported, as applicable, by a copy of each related dump and batch record, Form 2630, and Form 2637 covering the dumping and bottling or packaging of the spirits; and in the case of spirits bottled in bond on bonded premises, a copy of each Form 179 covering the taxpayment. Upon application, and a finding by the region regulatory administrator that dumping, bottling, or packaging records are not essential, he may waive the requirement for the filing of supporting forms with each claim for drawback except the requirement for filing Form 179 covering taxpayment of spirits bottled in bond on bonded premises. *Provided*, That in the case of any such waiver, the claimant shall insert in Part II the formula number, if any, or a statement that the alcoholic content of the product is derived solely from fully taxpaid spirits. In lieu of a waiver of the filing of supporting forms, the regional regulatory administrator may approve an alternate method of furnishing information. The authorization shall provide that the authority may be withdrawn if, in the opinion of the regional regulatory administrator, there is a need for the supporting forms. Where distilled spirits stamped and marked, or restamped and marked (if in cases), or marked (if in packages), especially for export with benefit of drawback are manufactured (rectified) in the United States with the use of imported spirits (other than such spirits withdrawn from internal

revenue bond) or imported wines, the proprietor shall furnish evidence of tax payment for the distilled spirits or wines such as Customs Forms 7505 or 7501 receipted to indicate payment of taxes) as may be requested by the regional regulatory administrator.

(46 Stat. 690, as amended, 48 Stat. 999, as amended, 72 Stat. 1336, as amended (19 U.S.C. 1309, 81c, 26 U.S.C. 5062).)

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