

Title 27: Alcohol, Tobacco and Firearms

PART 24

WINE

(Excerpts from TTB Regulations pertaining to Wine bonds – Visit www.ttb.gov and search the Code of Federal Regulations, Part 24 for a complete copy of applicable winery regulations.)

as of: 10/23/2006
Section Contents

Bonds and Consents of Surety

§ 24.145 General requirements.

Each person required to file a bond or consent of surety under this part must prepare, execute and submit the bond or consent of surety on the prescribed form in accordance with this part and the instructions printed on the form. A person may not commence or continue any business or operation relating to wine until all bonds and consents of surety required under this part with respect to the business or operation have been approved by the appropriate TTB officer. (Sec. 201, Pub. L. 85–859, 72 Stat. 1394, as amended ([26 U.S.C. 5551](#)))

(Approved by the Office of Management and Budget under control number 1512–0058)

[T.D. ATF–299, 55 FR 24989, June 19, 1990, as amended by T.D. ATF–409, 64 FR 13685, Mar. 22, 1999]

§ 24.146 Bonds.

- (a) **Wine bond.** The proprietor shall give bond on TTB F 5120.36, Wine Bond, to cover the liability for excise taxes imposed by the Internal Revenue Code of 1986, on wines produced or received by the proprietor. This includes liability for special occupational taxes and penalties and interest. The bond will apply to wine, spirits, and volatile fruit-flavor concentrate, or other commodities subject to tax under [26 U.S.C. chapter 51](#), in transit to or on bonded wine premises, and to the operations of the bonded wine premises, whether the transaction or operation on which the proprietor's liability is based occurred on or off the proprietor's premises. The bond will provide that the proprietor shall faithfully comply with all provisions of law and regulation relating to activities covered by the bond. This bond has a tax obligation limit of \$500 for wine removed from bonded wine premises on which the tax has been determined, but not paid, unless the total penal sum of the operations bond is \$2,000 or more and the proprietor and the surety designate \$1,000 of this amount as the obligation limit for wine on which the tax has been determined, but not paid.
- (b) **Tax deferral bond.** Where the proprietor removes wine from bonded wine premises for consumption or sale, after determination and before payment of tax, and the tax unpaid at any one time amounts to more than \$500, the proprietor shall, in addition to any other bond required by this part, furnish a tax deferral bond on TTB F 5120.36, Wine Bond, to ensure payment of the tax on the wine. Under the conditions provided in paragraph (a) of this section, this amount may be changed to \$1,000 by the terms of the bond or through a consent of surety between the proprietor and the surety. The tax deferral bond and the wine bond may be submitted on the same TTB F 5120.36.
- (c) **Wine vinegar plant bond.** The proprietor of a wine vinegar plant who withdraws wine from a bonded wine premises without payment of tax for use in the manufacture of vinegar shall file a bond on TTB F 5510.2, Bond Covering Removal to and Use of Wine at Vinegar Plant, to ensure the payment of the tax on the wine until such wine becomes vinegar. (Sec. 201, Pub. L. 85–859, 72 Stat. 1379, as amended, 1380, as amended ([26 U.S.C. 5354, 5362](#)))

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[T.D. ATF–299, 55 FR 24989, June 19, 1990, as amended by T.D. ATF–338, 58 FR 19064, Apr. 12, 1993]

§ 24.147 Operations bond or unit bond.

Notwithstanding the provisions of [§24.146](#), each person intending to commence or to continue business as the proprietor of a bonded wine premises with an adjacent or contiguous distilled spirits plant qualified under [27 CFR part 19](#) for the production of distilled spirits shall, in lieu of a winery bond and the bonds required under the provisions of [26 U.S.C. 5173](#), as amended, give an operations bond or unit bond in accordance with the applicable provisions of [27 CFR part 19](#). (Sec. 805(c), Pub. L. 96–39, 93 Stat. 276 ([26 U.S.C. 5173](#)))

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§ 24.148 Penal sums of bonds.

The penal sums of bonds prescribed in this part are as follows:

Bond	Basis	Penal sum	
		Minimum	Maximum
(a) Wine Bond, TTB F 5120.36	(1) Not less than the tax on all wine or spirits in transit.....	\$1,000	\$50,000
	or unaccounted for at any one time, taking into account the appropriate small producer's wine tax credit.		
	Where such liability exceeds \$250,000.....		100,000
(b) Wine Vinegar Plant Bond TTB F 5510.2*.	(2) Where the unpaid tax amounts to more than \$500,	500	250,000
	not less than the amount of tax which, at any one time, has been determined but not paid.		
	Except: \$1,000 of the wine operations coverage may be allocated to cover the amount of tax which, at any one time, has been determined but not paid, if the total operations coverage is \$2,000 or more.		
(b) Wine Vinegar Plant Bond TTB F 5510.2*.	Not less than the tax on all wine on hand, in transit, or.....	1,000	100,000
	unaccounted for at any one time.		

* The proprietor of a bonded wine premises who operates an adjacent or contiguous wine vinegar plant with a Wine Bond which does not cover the operation may file a consent of surety to extend the terms of the Wine Bond in lieu of filing a wine vinegar plant bond.

(26 U.S.C. 5354, 5362)

[T.D. ATF-390, 62 FR 29666, June 2, 1997]

§ 24.149 Corporate surety.

- (a) Surety bonds required by this part may be obtained only from corporate sureties which hold certificates of authority from and are subject to the limitations prescribed by the Secretary as set forth in the current revision of Treasury Department Circular No. 570 (Companies Holding Certificates of Authority as Acceptable Sureties on Federal bonds and as Acceptable Reinsuring Companies).
- (b) Treasury Department Circular No. 570 is published in the Federal Register yearly on the first working day in July. As revisions of the circular occur, the revisions are published in the Federal Register. Copies may be obtained from the Audit Staff, Financial Management Service, Department of the Treasury, Washington, DC 20226. (July 30, 1947, Ch. 390, Pub. L. 80-280, 61 Stat. 648, as amended (6 U.S.C. 6, 7))

§ 24.150 Powers of attorney.

Each bond, and each consent to changes in the terms of a bond, will be accompanied by a power of attorney whereby the surety authorizes the agent or officer who executed the bond or consent to act on behalf of the surety. The appropriate TTB officer may require additional evidence of the authority of the agent or officer of the surety to execute the bond or consent. The power of attorney will be prepared on a form provided by the surety and executed under the corporate seal of the surety. If the power of attorney is other than a manually signed original, the appropriate TTB officer may require a certification of validity. (July 30, 1947, Ch. 390, Pub. L. 80-280, 61 Stat. 648, as amended (26 U.S.C. 6, 7))

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[T.D. ATF-299, 55 FR 24989, June 19, 1990, as amended by T.D. ATF-409, 64 FR 13683, Mar. 22, 1999]

§ 24.151 Deposit of collateral security.

- (a) Bonds or notes of the United States, or other obligations which are unconditionally guaranteed as to both interest and principal by the United States, may be pledged and deposited as collateral security in lieu of corporate sureties in accordance with the provisions of Treasury Department Circular No. 154 (31 CFR part 225, Acceptance of Bonds, Notes or Other Obligations Issued or Guaranteed by the United States as Security in Lieu

of Surety or Sureties on Penal Bonds). Cash, postal money orders, certified checks, cashiers' checks, or treasurers' checks may also be furnished as collateral security in lieu of corporate sureties.

- (b) Treasury Department Circular No. 154 is periodically revised and contains the provisions of [31 CFR part 225](#) and the forms prescribed in [31 CFR part 225](#). Copies of the circular may be obtained from the Surety Bond Branch, Financial Management Service, Department of the Treasury, Washington, DC 20226. (July 30, 1947, Ch. 390, 61 Stat. 650 ([6 U.S.C. 15](#)); August 16, 1954, Ch. 736, 68A Stat. 847, as amended ([26 U.S.C. 7101](#)))

§ 24.152 Consents of surety.

Consents of surety to changes in the terms of bonds will be executed on Form 1533 by the principal and by the surety with the same formality and evidence of authority as is required for the execution of bonds.

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§ 24.153 Strengthening bonds.

In any instance where the penal sum of the bond on file becomes insufficient, the principal shall either give a strengthening bond with the same surety to attain a sufficient penal sum or give a new bond covering the entire liability. Strengthening bonds will not be approved where any notation is made thereon which is intended, or which may be construed, as a release of any former bond, or as limiting the amount of either bond to less than its full penal sum. Strengthening bonds will show the current date of execution and the effective date. (Sec. 201, Pub. L. 85-859, 72 Stat. 1394, as amended ([26 U.S.C. 5551](#)))

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§ 24.154 New or superseding bonds.

When, in the opinion of the appropriate TTB officer, the interests of the Government demand it, or in any case where the validity of the bond becomes impaired in whole or in part for any reason, the principal will be required to give a new bond. A new bond will be required immediately in the case of the insolvency of a corporate surety. Executors, administrators, assignees, receivers, trustees, or other persons acting in a fiduciary capacity, to continue or to liquidate the business of the principal, will execute and file a new bond or obtain the consent of the surety or sureties on the existing bond or bonds. When under the provisions of [§24.157](#) the surety has filed an application to be relieved of liability under any bond given under this part and the principal desires or intends to continue business or operations to which the bond relates, the principal shall file a valid superseding bond to be effective on or before the date specified in the surety's notice. New or superseding bonds will show the current date of execution and the effective date. (Sec. 201, Pub. L. 85-859, 72 Stat. 1379, as amended, 1380, as amended, 1394, as amended ([26 U.S.C. 5354, 5362, 5551](#)))

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[T.D. ATF-299, 55 FR 24989, June 19, 1990, as amended by T.D. ATF-409, 64 FR 13683, Mar. 22, 1999]

§ 24.155 Disapproval and appeal from disapproval.

- (a) **Disapproval.** The appropriate TTB officer may disapprove any bonded wine premises bond or consent of surety if the individual, firm, partnership, corporation, or association giving the bond, or owning, controlling, or actively participating in the management of the bonded wine premises of the individual, firm, partnership, corporation, or association giving the bond, has been previously convicted in a court of competent jurisdiction of:

- (1) Any fraudulent noncompliance with any provision of any law of the United States, if such provision relates to internal revenue or customs taxation of distilled spirits, wine, or beer, or if such offense has been compromised with the person on payment of penalties or otherwise, or
- (2) Any felony under a law of any State, or of the District of Columbia, or of the United States, prohibiting the manufacture, sale, importation, or transportation of distilled spirits, wine, beer, or other intoxicating liquor.

- (b) **Appeal from disapproval.** Where a bond or consent of surety is disapproved by the appropriate TTB officer, the person giving the bond may appeal the disapproval to the Administrator. The decision of the Administrator will be final. (Sec. 201, Pub. L. 85-859, 72 Stat. 1394, as amended ([26 U.S.C. 5551](#)))

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[T.D. ATF-299, 55 FR 24989, June 19, 1990, as amended by T.D. ATF-409, 64 FR 13683, Mar. 22, 1999]

§ 24.156 Termination of bonds.

A bond prescribed in [§24.146](#) may be terminated as to future liability pursuant to application by the surety as provided in [§24.157](#); pursuant to approval of a superseding bond; upon receipt of notification from the principal that the business has

been discontinued and all wine and spirits have been removed from the bonded wine premises as provided in §24.140(b); or in the case of a tax deferral bond, the termination will be issued upon receipt of written notification from the principal that removals of wine requiring a tax deferral bond have been discontinued. (Sec. 201, Pub. L. 85–859, 72 Stat. 1379, as amended (26 U.S.C. 5354))

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§ 24.157 Application by surety for relief from bond.

A surety on any bond required by this part may at any time, in writing, notify the principal and the appropriate TTB officer in whose office the bond is on file, that it desires after a specified date, to be relieved of liability under the bond. The date may not be less than 10 days after the date notice is received by the appropriate TTB officer in the case of a tax deferral bond, and not less than 90 days after the date the notice is received in the case of a bonded wine premises bond or wine vinegar plant bond. The surety will also file with the appropriate TTB officer an acknowledgment, or other evidence of service, of a notice on the principal. The 10 day or 90 day period does not commence until both the acknowledgment or other evidence of service and the notice are filed. If a notice is not thereafter withdrawn in writing, the rights of the principal as supported by the bond will be terminated on the date specified in the notice, and the surety will be relieved from liability to the extent set forth in §24.158. (Sec. 201, Pub. L. 85–859, 72 Stat. 1379, as amended, 1380, as amended (26 U.S.C. 5354, 5362))

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[T.D. ATF–299, 55 FR 24989, June 19, 1990, as amended by T.D. ATF–409, 64 FR 13683, Mar. 22, 1999]

§ 24.158 Extent of relief.

- (a) **General.** The surety on any bond required by this part who has filed a notice for relief from liability as provided in §24.157 will be relieved from liability under bond as set forth in this section.
- (b) **Wine bond.** Where a new or superseding bond is filed, the surety of the existing bond will be relieved of future liability with respect to wine, spirits, volatile fruit-flavor concentrate, or any other commodities subject to tax under 26 U.S.C. chapter 51 on hand or in transit to bonded wine premises on or after the effective date of the new or superseding bond. Notwithstanding such relief, the surety will remain liable for the tax on all wine or volatile fruit-flavor concentrate produced at, and for wine, spirits, and volatile fruit-flavor concentrate consigned to, the bonded wine premises, and for all other liabilities incurred, during the term of the bond. Where a new or superseding bond is not filed the surety will, in addition to the continuing liabilities specified above, remain liable for all wine, spirits, volatile fruit-flavor concentrate, or other commodities subject to tax under 26 U.S.C. chapter 51 on hand or in transit to bonded wine premises on the date specified in the notice, until all the wine, spirits, volatile fruit-flavor concentrate, or commodities subject to tax under 26 U.S.C. chapter 51 have been lawfully disposed of, or a new bond has been filed covering the liability.
- (c) **Tax deferral bond.** The surety will be relieved of liability for the tax on any wine removed from the bonded wine premises after the date specified in the notice. The surety will continue to be liable for the tax on wine removed for consumption or sale on or before the date specified in the notice, until all tax is fully paid.
- (d) **Wine vinegar plant bond.** The surety will be relieved of liability for tax on wine withdrawn for the manufacture of vinegar after the date specified in the notice. The surety will continue to be liable for the tax on wine withdrawn on or before the date specified in the notice, until all wine is fully accounted for. (Sec. 201, Pub. L. 85–859, 72 Stat. 1379, as amended, 1380, as amended (26 U.S.C. 5354, 5362))

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§ 24.159 Release of collateral security.

Collateral security pledged and deposited will be released only in accordance with the provisions of 31 CFR Part 225. The collateral security will not be released by the appropriate TTB officer until liability under the bond for which it was pledged has been terminated. If satisfied that the interests of the Government will not be jeopardized, the appropriate TTB officer will fix the date or dates on which a part or all of the collateral security may be released. At any time prior to the release of the collateral security, the appropriate TTB officer may, for proper cause, extend the date of release of the security for such additional length of time as deemed appropriate. (July 30, 1947, Ch. 390, Pub. L. 80–280, 61 Stat. 650 (31 U.S.C. 9301, 9303))

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[T.D. ATF–299, 55 FR 24989, June 19, 1990, as amended by T.D. ATF–409, 64 FR 13683, Mar. 22, 1999]