

1513-0115

26 U.S.C.

Sec. 5367. Records

The proprietor of a bonded wine cellar or a tax-paid wine bottling house shall keep such records and file such returns, in such form and containing such information, as the Secretary may by regulations provide.

(Added Pub. L. 85-859, title II, Sec. 201, Sept. 2, 1958, 72 Stat. 1381; amended Pub. L. 94-455, title XIX, Sec. 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834.)

Sec. 5369. Inventories

Each proprietor of premises subject to the provisions of this subchapter shall take and report such inventories as the Secretary may by regulations prescribe.

(Added Pub. L. 85-859, title II, Sec. 201, Sept. 2, 1958, 72 Stat. 1381; amended Pub. L. 94-455, title XIX, Sec. 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834.)

Sec. 5370. Losses

(a) General

No tax shall be collected in respect of any wines lost or destroyed while in bond, except that tax shall be collected--

(1) Theft

In the case of loss by theft, unless the Secretary shall find that the theft occurred without connivance, collusion, fraud, or negligence on the part of the proprietor or other person responsible for the tax, or the owner, consignor, consignee, bailee, or carrier, or the agents or employees of any of them; and

(2) Voluntary destruction

In the case of voluntary destruction, unless the wine was destroyed under Government supervision, or on such adequate notice to, and approval by, the Secretary as regulations shall provide.

(b) Proof of loss

In any case in which the wine is lost or destroyed, whether by theft or otherwise, the Secretary may require by regulations the proprietor of the bonded wine cellar or other person liable for the tax to file a claim for relief from the tax and submit proof as to the cause of such loss. In every case where it appears that the loss was by theft, the burden shall be on the proprietor or other person liable for the tax to establish to the satisfaction of the Secretary, that such loss did not occur as the result of connivance, collusion, fraud, or negligence on the part of the proprietor, owner,

consignor, consignee, bailee, or carrier, or the agents or employees of any of them.

(Added Pub. L. 85-859, title II, Sec. 201, Sept. 2, 1958, 72 Stat. 1381; amended Pub. L. 94-455, title XIX, Sec. 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834.)

Sec. 5555. Records, statements, and returns

(a) General

Every person liable to any tax imposed by this chapter, or for the collection thereof, shall keep such records, render such statements, make such returns, and comply with such rules and regulations as the Secretary may prescribe.

(b) Authority to waive

Whenever in this chapter any record is required to be made or kept, or statement or return is required to be made by any person, the Secretary may by regulation waive, in whole or in part, such requirement when he deems such requirement to no longer serve a necessary purpose. This subsection shall not be construed as authorizing the waiver of the payment of any tax.

(c) Photographic copies

Whenever in this chapter any record is required to be made and preserved by any person, the Secretary may by regulations authorize such person to record, copy, or reproduce by any photographic, photostatic, microfilm, microcard, miniature photographic, or other process, which accurately reproduces or forms a durable medium for so reproducing the original of such record and to retain such reproduction in lieu of the original. Every person who is authorized to retain such reproduction in lieu of the original shall, under such regulations as the Secretary may prescribe, preserve such reproduction in conveniently accessible files and make provision for examining, viewing, and using such reproduction the same as if it were the original. Such reproduction shall be treated and considered for all purposes as though it were the original record and all provisions of law applicable to the original shall be applicable to such reproduction. Such reproduction, or enlargement or facsimile thereof, shall be admissible in evidence in the same manner and under the same conditions as provided for the admission of reproductions, enlargements, or facsimiles of records made in the regular course of business under section 1732(b) of title 28 of the United States Code.

(Added Pub. L. 85-859, title II, Sec. 201, Sept. 2, 1958, 72 Stat. 1395; amended Pub. L. 94-455, title XIX, Sec. 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834; Pub. L. 98-369, div. A, title IV, Sec. 454(c)(10), July 18, 1984, 98 Stat. 821.)

27 CFR

Sec. 24.32 Records.

The appropriate TTB officer may require the proprietor to maintain any record required by this part in a prescribed format or arrangement or otherwise change the method of recordkeeping in any case where the required information is not clearly or accurately reflected. (Sec. 201, Pub. L. 85-859, 72 Stat. 1381, as amended, 1395, as amended (26 U.S.C. 5367, 5555))

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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]

Sec. 24.77 Experimental wine.

(a) General. Any scientific university, college of learning, or institution of scientific research may, without payment of tax, produce, receive, blend, treat, and store wine for experimental or research use, but not for consumption (other than organoleptic tests) or sale, and may receive wine spirits without payment of tax in quantities as may be necessary for the production of wine.

(b) Qualification. An institution that wants to conduct experimental wine operations must apply in letter form to the appropriate TTB officer. The application will show the name and address of the institution, the nature, extent, and purpose of the operations to be conducted, describe the operations and equipment and the location at which operations will be conducted (including identification of the building or buildings, or portions thereof, to be used), and the security measures to be provided. If wine spirits are to be used, that fact will be stated together with the estimated annual requirements in proof gallons. A secure place of storage under lock will be provided for such spirits and will be described in the application. The applicant must, when required by the appropriate TTB officer, furnish as part of the application, additional information that may be necessary to determine whether the application should be approved. Operations may not begin until authorized by the appropriate TTB officer.

(c) Procurement of spirits. Where the approved application provides for the use of wine spirits in experimental wine operations, such spirits may be procured to the extent stated in the approved qualifying application. However, an application will be filed with the appropriate TTB officer and authorization obtained for each wine spirits procurement.

(d) Records. All approved qualifying documents and applications will be retained in the files of the institution and will be exhibited on request to appropriate TTB officers. No reports concerning wine or wine spirits need be filed unless required by appropriate TTB officer, but records appropriate to the experiments to be conducted and records documenting the disposition of the wine and wine spirits will be retained and will be made available for inspection by appropriate TTB officers. If wine spirits are used, the records will show the quantities of spirits received and used each day.

(e) Discontinuance. When an institution discontinues experimental

wine operations, all remaining wine or wine spirits will be disposed of either by destruction or shipment to premises authorized to receive wine or wine spirits. A letter application will be filed with the appropriate TTB officer and authorization obtained prior to the destruction or shipment of the wine or wine spirits. When the authorized destruction or shipment has been completed, a letter notification will be sent to the appropriate TTB officer. (Sec. 201, Pub. L. 85-859, 72 Stat. 1331, as amended (26 U.S.C. 5042))

(Approved by the Office of Management and Budget under control numbers 1513-0057 and 1513-0115)

[T.D. ATF-299, 55 FR 24989, June 19, 1990, as amended by T.D. ATF-409, 64 FR 13683, 13684, Mar. 22, 1999]

Sec. 24.96 Use off premises.

The proprietor may remove samples of wine or wine spirits free of tax for analysis or testing purposes.

(a) Size. The size of each sample may not be more than one liter for each lot of wine or wine spirits to be analyzed or tested unless the appropriate TTB officer authorizes a larger quantity.

(b) Disposition of samples. Remnants or residues of samples remaining after analysis or testing, and which are not retained as specimens, will be destroyed or returned to bonded wine premises. Free of tax samples or residues may not be consumed or sold.

(c) Records. The proprietor shall maintain records of all samples taken for analysis or testing, showing the size of each sample, the kind of wine or wine spirits, date of removal, and the name and address to where sent.

(d) Labeling of samples. Each sample taken for analysis or testing will be labeled ``Sample for Analysis Only''. The label will show the name, address, and registry number of the bonded wine premises, date, and the kind of wine or wine spirits.

(e) Limitation. The tax will be collected on any wine or wine spirits withdrawn under this section which are used or disposed of for purposes other than as authorized. When the quantity of wine or wine spirits withdrawn under this section exceeds the amount necessary for the purpose intended the tax will be collected on such excess. (Sec. 201, Pub. L. 85-859, 72 Stat. 1380, as amended, 1381, as amended, 1382, as amended (26 U.S.C. 5362, 5367, 5368, 5373))

(Approved by the Office of Management and Budget under control numbers 1513-0115 and 1513-0092)

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

Sec. 24.136 Procedure for alternating proprietors.

(a) General. Wine premises, or parts thereof, may be operated alternately by proprietors who have each filed and received approval of the necessary applications and bonds and have qualified under the provisions of this part. Where operations by alternating proprietors are limited to parts of the wine premises, the application will describe areas, buildings, floors, or rooms which will be alternated and will be accompanied by a diagram delineating the parts of the wine premises to be alternated. A separate diagram will be submitted to depict each arrangement under which the wine premises will be operated. Once the qualifying documents have been

approved, and operations initiated, the wine premises, or parts thereof, may be alternated. Any transfer of wine, spirits, or other accountable materials from one proprietor to the other proprietor will be indicated in the records and reports of each proprietor. Operation of a bonded winery engaged in the production of wine by an alternate proprietor will be at least one calendar day in length.

(b) Alternation. All operations in any area, building, floor, or room to be alternated will be completely finished and all wine, spirits, and other accountable materials will be removed from the alternated wine premises or transferred to the incoming proprietor. However, wine, spirits, and other accountable materials may be retained in locked tanks at wine premises to be alternated and remain in the custody of the outgoing proprietor.

(c) Bonds. The outgoing proprietor who has filed bond and intends to resume operation of the alternated areas, buildings, floors, or rooms following suspension of operations by an alternating proprietor shall execute a consent of surety to continue in effect all bonds. Where wine, spirits, or other accountable materials subject to tax under 26 U.S.C. chapter 51 are to be retained in tanks on the wine premises to be alternated, the outgoing proprietor shall also execute a consent of surety to continue the liability of all bonds for the tax on the materials, notwithstanding the change in proprietorship.

(d) Records. Each proprietor shall maintain separate records and submit a separate TTB F 5120.17, Report of Bonded Wine Premises Operations. All transfers of wine, spirits, and other accountable materials will be reflected in the records of each proprietor. Each proprietor shall maintain a record showing the name and registry number of the incoming or outgoing proprietor, the effective date and hour of alternation, and the quantity in gallons and the percent alcohol by volume or proof of any wine, spirits, or other accountable materials transferred or received. (Sec. 201, Pub. L. 85-859, 72 Stat. 1378, as amended, 1379, as amended, 1380, as amended, 1381, as amended, 1382, as amended (26 U.S.C. 5351, 5352, 5354, 5356, 5361, 5362, 5363, 5367, 5373))

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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]

Sec. 24.170 Measuring devices and testing instruments.

(a) Measuring devices. The appropriate TTB officer may at any time require proprietors to provide at their own expense equipment for ascertaining the capacity and contents of tanks and other storage containers, and scales and measuring devices for weighing and measuring wine, spirits, volatile fruit-flavor concentrate, or materials received and used in the production or treatment of wine. Where winemaking materials or other materials used in the treatment of wine are used immediately upon receipt on wine premises, or received and stored on bonded wine premises in original sealed shipping containers with a stated capacity, the quantity shown on the commercial invoice or other document covering the shipment may be accepted by the proprietor and entered into records in lieu of measuring the materials upon receipt.

(b) Testing instruments. The proprietor shall have ready access to equipment for determining the alcohol content unless the proprietor only receives and stores on wine premises bottled or packed wine with

evidence showing the alcohol content has been determined. The proprietor who bottles or packs wine shall have ready access to equipment for determining the net contents of bottled or packed wine. The appropriate TTB officer may require other testing instruments based upon the proprietor's operations. (Sec. 201, Pub. L. 85-859, 72 Stat. 1379, as amended, 1395, as amended (26 U.S.C. 5357, 5552))

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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]

Sec. 24.176 Crushing and fermentation.

(a) Natural wine production. Water may be used to flush equipment during the crushing process or to facilitate fermentation but the density of the juice may not be reduced below 22 degrees Brix. However, if the juice is already less than 23 degrees Brix, the use of water to flush equipment or facilitate fermentation is limited to a juice density reduction of no more than one degree Brix. At the start of fermentation no material may be added except water, sugar, concentrated fruit juice from the same kind of fruit, malo-lactic bacteria, yeast or yeast cultures grown in juice of the same kind of fruit, and yeast foods, sterilizing agents, precipitating agents or other approved fermentation adjuncts. Water may be used to rehydrate yeast to a maximum to two gallons of water for each pound of yeast; however, except for an operation involving the preparation of a yeast culture starter and must mixture for later use in initiating fermentation, the maximum volume increase of the juice after the addition of rehydrated yeast is limited to 0.5 percent. After fermentation natural wines may be blended with each other only if produced from the same kind of fruit.

(b) Determination of wine produced. Upon completion of fermentation or removal from the fermenter, the volume of wine will be accurately determined, recorded and reported on TTB F 5120.17, Report of Bonded Wine Premises Operations, as wine produced. Any wine or juice remaining in fermentation tanks at the end of the reporting period will be recorded and reported on TTB F 5120.17.

[T.D. ATF-312, 56 FR 31078, July 9, 1990, as amended by ATF-338, 58 FR 19064, Apr. 12, 1993]

Sec. 24.180 Use of concentrated and unconcentrated fruit juice.

Concentrated fruit juice reduced with water to its original density, or to 22 degrees Brix, or to any degree of Brix between its original density and 22 degrees Brix, and unconcentrated fruit juice reduced with water to not less than 22 degrees Brix, is considered juice for the purpose of standard wine production. Concentrated fruit juice reduced with water to any degree of Brix greater than 22 degrees Brix may be further reduced with water to any degree of Brix between its original density and 22 degrees Brix. The proprietor, prior to using concentrated fruit juice in wine production, shall obtain a statement in which the producer certifies the kind of fruit from which it was produced and the total solids content of the juice before and after concentration. Concentrated or unconcentrated fruit juice may be used in juice or wine made from the same kind of fruit for the purposes of chaptalizing or sweetening, as provided in this part. Concentrated fruit juice, or juice which has been concentrated and reconstituted, may not be used in standard wine

production if at any time it was concentrated to more than 80 degrees Brix. (Sec. 201, Pub. L. 85-859, 72 Stat. 1383, as amended (26 U.S.C. 5382))

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[T.D. ATF-299, 55 FR 24989, June 19, 1990, as amended by T.D. ATF-413, 64 FR 46845, Aug. 27, 1999]

Sec. 24.184 Use of volatile fruit-flavor concentrate.

(a) General. In the cellar treatment of natural wine of the winemaker's own production there may be added volatile fruit-flavor concentrate produced from the same kind of fruit or from the same variety of berry or grape so long as the proportion of volatile fruit-flavor concentrate added to the wine does not exceed the equivalent proportion of volatile fruit-flavor concentrate of the original juice or must from which the wine was produced.

(b) Use of juice or must from which volatile fruit-flavor has been removed. Juice, concentrated fruit juice, or must processed at a concentrate plant is considered to be pure juice, concentrated fruit juice, or must even though volatile fruit-flavor has been removed if, at a concentrate plant or at bonded wine premises, there is added to the juice, concentrated fruit juice, or must (or in the case of bonded wine premises, to wine of the winemaker's own production made therefrom), either the identical volatile fruit-flavor removed or an equivalent quantity of volatile fruit-flavor concentrate derived from the same kind of fruit or from the same variety of berry or grape.

(c) Certificate required. The proprietor, prior to the use of volatile fruit flavor concentrate in wine production, shall obtain a certificate from the producer stating the kind of fruit or the variety of berry or grape from which it was produced and the total solids content of the juice before and after concentration. (Sec. 201, Pub. L. 85-859, 72 Stat. 1383, as amended (26 U.S.C. 5382))

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Sec. 24.197 Production by fermentation.

In producing special natural wine by fermentation, flavoring materials may be added before or during fermentation. Special natural wine produced by fermentation may be ameliorated in the same manner and to the same extent as natural wine made from the same fruit. Spirits may not be added to special natural wine with the exception of spirits contained in the natural wine used as a base or in authorized essences made on bonded wine premises as provided in Sec. 24.86 or in approved essences made elsewhere. Upon removal of the wine from fermenters, the volume of liquid will be determined accurately and recorded as wine produced. The quantity of liquid in fermenters at the close of each reporting period will be reported on the TTB F 5120.17, Report of Bonded Wine Premises Operations. (Sec. 201, Pub. L. 85-859, 72 Stat. 1386, as amended (26 U.S.C. 5386))

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

Sec. 24.213 Heavy bodied blending wine.

Heavy bodied blending wine is wine made for blending purposes from grapes or other fruit without added sugar, and with or without added wine spirits, and having a total solids content in excess of 21 percent. Heavy bodied blending wine may be used in blending with other wine made from the same kind of fruit or for removal upon payment of tax, not for sale or consumption as beverage wine. Upon removal, the shipping containers and shipping records will be marked ``Heavy Bodied Blending Wine--Not for Sale or Consumption as Beverage Wine.'' (Sec. 201, Pub. L. 85-859, 72 Stat. 1380, as amended, 1387, as amended (26 U.S.C. 5361, 5388))

(Approved by the Office of Management and Budget under control numbers 1513-0115 and 1513-0092)

Sec. 24.226 Receipt or transfer of spirits.

When spirits are received at the bonded wine premises, the proprietor shall determine that the spirits are the same as described on the transfer record and follow the procedures prescribed by 27 CFR 19.510. A copy of the transfer record, annotated to show any difference between the description of spirits and quantity received, will be maintained by the proprietor as a record of receipt. If spirits are to be transferred to a distilled spirits plant or to bonded wine premises, the proprietor shall use the transfer record and procedures prescribed by 27 CFR 19.508. (Sec. 201, Pub. L. 85-859, 72 Stat. 1382, as amended (26 U.S.C. 5373))

(Approved by the Office of Management and Budget under control number 1513-0115)

Sec. 24.230 Examination of tank car or tank truck.

Upon arrival of a tank car or tank truck at the bonded wine premises, the proprietor shall carefully examine the car or truck to see whether the seals are intact and whether there is any evidence of tampering or loss by leaking or otherwise. Any evidence of loss will be reported to the appropriate TTB officer. The contents of the tank car or tank truck will be gauged by weight or volume at the time of receipt by the proprietor. If the tank car or tank truck has been accurately calibrated and the calibration chart is available at the bonded wine premises, the spirits may be gauged by volume in the tank car or tank truck. In any case where a volume gauge is made, the actual measurements of the spirits in the gauging tank, tank car, or tank truck, and the temperature of the spirits will be recorded on the copy of the transfer record accompanying the shipment. (Sec. 201, Pub. L. 85-859, 72 Stat. 1360, as amended, 1362, as amended, 1381, as amended (26 U.S.C. 5206, 5214, 5366))

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[T.D. ATF-299, 55 FR 24989, June 19, 1990, as amended by T.D. ATF-409, 64 FR 13684, Mar. 22, 1999]

Sec. 24.231 Receipt of spirits in sealed bulk containers.

The proprietor shall examine sealed bulk containers (packages) of spirits received at the bonded wine premises to verify that the containers are the same as those described on the transfer record accompanying the shipment. Any container which appears to have been tampered with or from which spirits appear to have been removed or lost will be gauged by the proprietor and the proprietor shall prepare and submit to the appropriate TTB officer a statement setting forth fully the circumstances and apparent cause of any loss. (Sec. 201, Pub. L. 85-859, 72 Stat. 1381, as amended, 1382, as amended (26 U.S.C. 5366, 5367, 5368, 5373))

(Approved by the Office of Management and Budget under control numbers 1513-0057 and 1513-0115)

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

Sec. 24.232 Gauge of spirits.

(a) If the spirits to be used are in a spirits storage tank on bonded wine premises, or are received immediately prior to use from a distilled spirits plant not adjacent or contiguous to bonded wine premises, the proprietor shall determine the proof of the spirits and the quantity used by volume gauge or by weight. Upon completion of the transfer of spirit from the spirits storage tank to the spirits addition tank, the proprietor shall lock the spirits storage tank.

(b) If the spirits are received from the adjacent or contiguous bonded premises of a distilled spirits plant and are transferred directly into a spirits addition tank, the gauge of the spirits made on the distilled spirits plant premises will be used. The proprietor at the distilled spirits plant premises shall deliver a transfer record to the proprietor of bonded wine premises who shall acknowledge receipt of the spirits on the transfer record.

(c) If the spirits are received in packages and the quantity of spirits needed for the addition is not equal to the contents of full packages, a portion of one package may be used and the remnant package returned to the spirits storage room. The proprietor shall gauge the remnant package and attach to it a label showing the date of gauge, the weight of the remnant package, and the proof. The remnant package will be used at the first opportunity. (Sec. 201, Pub. L. 85-859, 72 Stat. 1381, as amended, 1382, as amended (26 U.S.C. 5367, 5368, 5373))

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Sec. 24.237 Spirits added to juice or concentrated fruit juice.

Juice or concentrated fruit juice to which spirits have been added may not have an alcohol content exceeding 24 percent by volume. Although not considered to be wine, juice or concentrated fruit juice to which spirits have been added will be included in the appropriate tax class of any wine inventory and will be properly identified. Juice or concentrated juice to which wine spirits are added will be reported on the TTB F 5120.17, Report of Bonded Wine Premises Operations, as wine, but a separate record will be maintained. (Sec. 201, Pub. L. 85-859, 72 Stat. 1383, as amended (26 U.S.C. 5382))

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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]

Sec. 24.241 Decolorizing juice or wine.

(a) Conditions and limitations. If the proprietor wishes to use activated carbon or other decolorizing material to remove color from juice or wine, the following conditions and limitations will be met:

(1) The wine will retain a vinous character after being treated with activated carbon or other decolorizing material;

(2) The quantity of activated carbon used to treat the wine, including the juice from which the wine was produced, may not exceed twenty-five pounds per 1,000 gallons (3.0 grams per liter) (see paragraph (b) of this section); and

(3) The wine treated with decolorizing material will have a color of not less than 0.6 Lovibond in a one-half inch cell or not more than 95 percent transmittance per AOAC Method 11.003-11.004 (see paragraph (c) of this section). However, the proprietor may produce a wine having a color of less than 0.6 Lovibond or more than 95 percent transmittance per AOAC Method 11.003-11.004 by using normal methods and without the use of decolorizing material.

(b) Transfer in bond. When a consignor proprietor transfers wine treated with activated carbon or other decolorizing material to a consignee proprietor, the consignor proprietor shall record on the shipping record:

(1) The amount of wine which has been treated under the provisions of this section; and

(2) The quantity of decolorizing material used in treating the wine, including the juice from which the wine was produced, before its transfer. The consignee proprietor may further treat the wine with decolorizing material as long as the consignee proprietor has a copy of the shipping record and complies with the requirements of this section.

(c) Incorporation by reference. The "Official Methods of Analysis of the Association of Official Analytical Chemists" (AOAC Method 11.003-11.004; 13th Edition 1980) is incorporated by reference in this part. This incorporation by reference was approved by the Director of the Federal Register, and is available for inspection or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: <http://www.archives.gov/federal--register/code--of--federal--regulations/ibr--locations.html>. The publication is available from the Association of Official Analytical Chemists, 11 North 19th Street, Suite 210, Arlington, Virginia 22209. (Sec. 201, Pub. L. 85-859, 72 Stat. 1383, as amended (26 U.S.C. 5382))

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[T.D. ATF-299, 55 FR 24989, June 19, 1990, as amended at 69 FR 18803, Apr. 9, 2004]

Sec. 24.249 Experimentation with new treating material or process.

(a) General. The proprietor may, under the provisions of this section, conduct on bonded wine premises such experimentation with a treating material or process as the appropriate TTB officer finds may be conducted in a manner that will not jeopardize the revenue, conflict with wine operations, or be contrary to law.

(b) Application. The proprietor who wants to conduct experimentation must file an application with the appropriate TTB officer setting forth in detail the experimentation to be conducted and the facilities and equipment to be used. The proposed experimentation must not be conducted until the appropriate TTB officer has determined that the conduct of such experimentation must not jeopardize the revenue, conflict with wine operations, or be contrary to law, and has approved the application.

(c) Segregation of operations. Experimentation authorized under this section will be conducted with the degree of segregation from wine operations as may be required by the appropriate TTB officer under the provisions of Sec. 24.27.

(d) Records. The proprietor shall, with respect to each experiment authorized by this section, keep records of the kind and quantity of materials received and used and the volume of wine treated and the manner by which disposed.

(e) Disposition of the wine. The disposition of the wine subjected to experimental treatment will conform to the conditions stated in the authorization to conduct the experimentation. (Sec. 201, Pub. L. 85-859 (72 Stat. 1383, as amended (26 U.S.C. 5361, 5382))

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[T.D. ATF-299, 55 FR 24989, June 19, 1990, as amended by T.D. ATF-409, 64 FR 13683, 13685, Mar. 22, 1999]

Sec. 24.255 Bottling or packing wine.

(a) General. Proprietors of a bonded wine premises and a taxpaid wine bottling house premises shall be held strictly responsible for the correct determination of the quantity and alcohol content of wine removed. As required by Sec. 24.170, appropriate and accurate measures and instruments for measuring and testing the wine will be provided at each wine premises.

(b) Bottle or other container fill. Proprietors of bonded wine premises and taxpaid wine bottling house premises shall fill bottles or other containers as nearly as possible to conform to the amount shown on the label or blown in the bottle or marked on any container other than a bottle; but in no event may the amount of wine contained in any individual bottle, due to lack of uniformity of the bottles, vary from the amount stated more than 1.0 percent for 15.0 liters and above, 1.5 percent for 1.0 liter to 14.9 liters, 2.0 percent for 750 mL, 3.0 percent for 375 mL, 4.5 percent for 187 mL and 100 mL, and 9.0 percent for 50 mL; and in such case, there will be substantially as many bottles overfilled as there are bottles underfilled for each lot of wine bottled. Short-filled bottles or other containers of wine which are sold or otherwise disposed of by the proprietor to employees for personal consumption need not be labeled, but, if labeled, need not show an accurate statement of net contents.

(c) Tax tolerance. The net contents of bottles or other containers of untaxpaid wine in the same tax class filled during six consecutive tax return periods, as determined from the bonded wine premises

proprietor's fill test records, shall not vary by more than 0.5 percent from the net contents as stated on the bottles or other containers. The bonded wine premises proprietor is liable for the tax on the entire amount of wine in the same tax class when that wine is removed from bond, without benefit of tolerance, when the fill of bottles or other containers exceeds a 0.5 percent average of a period which consists of six consecutive tax returns, or when filling is not conducted in compliance with good commercial practice.

(d) Fill tests. The proprietor shall test at representative intervals wine bottled or packed during the bottling or packing operation of each bottling or packing line to determine if the wine contained in the bottle or other container is in agreement with that stated on the label, bottle, or other container.

(e) Alcohol tests. The proprietor shall test the alcohol content by volume to determine the tax class of the wine and to ensure the alcohol content to be stated on the label is in agreement with the requirement of Sec. 24.257. (Sec. 201, Pub. L. 85-859, 72 Stat. 1381, as amended (26 U.S.C. 5368))

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Sec. 24.281 Consignor premises.

Prior to transferring wine in bond, the proprietor shall prepare a transfer record prescribed by Sec. 24.309. Except for multiple transfers as provided in Sec. 24.282, a transfer record will be prepared for each shipment. On completion of lading (or completion of transfer by pipeline), the proprietor shall retain one copy of the transfer record for the files and forward the original to the consignee (by the close of the next business day). (Sec. 201, Pub. L. 85-859, 72 Stat. 1380, as amended (26 U.S.C. 5362))

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[T.D. ATF-299, 55 FR 24989, June 19, 1990, as amended by T.D. ATF-312, 56 FR 31082, July 9, 1991]

Sec. 24.282 Multiple transfers.

(a) Truck. The proprietor may use one transfer record for all wine shipped by truck on the same day to other premises. The proprietor shall prepare a shipment or delivery order for each shipment showing date of transfer, name and address of the proprietor and consignee, number of cases or containers, serial numbers of cases (if any) or container identification marks, and quantity shipped in gallons or liters. A copy of the shipping or delivery order will be retained by the proprietor and a copy sent with the shipment. On completion of lading the last truck for the day, the proprietor shall prepare and process a transfer record as provided in Sec. 24.281.

(b) Pipeline. The proprietor may use one transfer record for all wine (including distilling material and vinegar stock) transferred by pipeline to adjacent premises during a month. At the end of the month, the proprietor shall prepare and process a transfer record as provided in Sec. 24.281. (Sec. 201, Pub. L. 85-859, 72 Stat. 1380, as amended (26 U.S.C. 5362))

(Approved by the Office of Management and Budget under control number 1513-0115)

Sec. 24.283 Reconsignment.

Prior to or on arrival at the premises of a consignee, wine transferred in bond may be reconsigned by the consignor. The bond of the proprietor to whom the wine is reconsigned will cover the wine while in transit after reconsignment. Notice of cancellation of the shipment will be made to the other proprietors involved by the proprietor who reconsigned the wine. Where reconsignment is to other than the shipping proprietor, a new transfer record prominently marked "Reconsignment" will be prepared and processed as provided by Sec. 24.281. (Sec. 201, Pub. L. 85-859, 72 Stat. 1380, as amended (26 U.S.C 5362))

(Approved by the Office of Management and Budget under control number 1513-0115)

Sec. 24.284 Consignee premises.

When wine is received by transfer in bond, the consignee shall check the shipment against the transfer record and determine by volumetric measure or weight the quantity received. The date received and, if different from the quantity shipped, the quantity received will be recorded on the transfer record. See Sec. 24.267 for provisions applicable to losses in transit. Sealed containers or cases received without apparent loss need not be measured or weighed. The consignee will retain the original of the transfer record and any accompanying documents. (Sec. 201, Pub. L. 85-859, 72 Stat. 1380, as amended (26 U.S.C. 5362))

(Approved by the Office of Management and Budget under control number 1513-0115)

Sec. 24.291 Removal of wine for vinegar production.

(a) General. Still wine may be removed from bonded wine premises, without payment of tax, for use in the manufacture of vinegar. Where the proprietor is also the proprietor of a vinegar plant located adjacent or contiguous to the bonded wine premises, wine may be removed without payment of tax upon filing a consent of surety extending the terms of the wine bond to cover the removal and use of wine in the manufacture of vinegar. Where the proprietor of a vinegar plant is not the proprietor of an adjacent or contiguous bonded wine premises, the proprietor of the vinegar plant may receive wine, without payment of tax, for use in the manufacture of vinegar by filing a bond under the provisions of Sec. 24.146(c) to cover the removal to and use of wine at the vinegar plant.

(b) Vinegar plant records. Each proprietor of a vinegar plant to which wine is shipped, without payment of tax, for use in the manufacture of vinegar shall keep a record of all wine received and used for the manufacture of vinegar and of all vinegar produced and disposed of. The record will show the following information:

(1) The volume and alcohol content of all wine received, the date of receipt, and the name, registry number, and address of the bonded wine premises from which received;

(2) The volume and alcohol content of all wine used in the

manufacture of vinegar, and the date of use;

(3) The volume and grain strength of the vinegar produced, and the date of production. (This volume will be reported on a 100-grain strength basis and will be determined by multiplying the wine gallons of vinegar produced by the grain strength thereof and dividing the result by 100); and

(4) The names and addresses of all persons to whom vinegar is shipped, the volume and grain strength shipped to each, and the date of shipment. (Grain strength is a measure of the acetic acid content of vinegar, expressed as 10 times the grams of acetic acid per 100 mL).

(c) Inspection of vinegar plants. The proprietor of a vinegar plant receiving wine, without payment of tax, for use in the manufacture of vinegar shall make the premises and records available for inspection by appropriate TTB officers during regular business hours. (August 16, 1954, ch. 736, 68A Stat. 903, as amended (26 U.S.C. 7606); Sec. 201, Pub. L. 85-859, 72 Stat. 1380, as amended (26 U.S.C. 5362))

(Approved by the Office of Management and Budget under control numbers 1513-0009, 1513-0057 and 1513-0115)

[T.D. ATF-299, 55 FR 24989, June 19, 1990, as amended by T.D. ATF-409, 64 FR 13684, Mar. 22, 1999]

Sec. 24.292 Exported wine.

(a) General. Wine may be removed from a bonded wine premises without payment of tax for exportation, for use on vessels and aircraft, for transportation to and deposit in a ``Class 6'' manufacturing bonded warehouse, for transfer to and deposit in a customs bonded warehouse, and for transfer to and deposit in a foreign-trade zone for exportation or for storage pending exportation. Removals of wine for export will be in accordance with the procedures in part 28 of this chapter.

(b) Return of wine to bonded storage. Wines which have been lawfully withdrawn, without payment of tax, under the provisions of part 28 of this chapter may be returned to bonded wine premises from which withdrawn for storage pending subsequent removal for lawful purposes. On return of wine to bonded wine premises, the proprietor shall record the receipt showing the gallonage of each tax class received and returned to storage on bonded wine premises and shall report the return on the TTB F 5120.17, Report of Bonded Wine Premises Operations for the reporting period with an explanatory notation. All provisions of this part applicable to wine in bond at bonded wine premises and to removals from bond are applicable to returned wine. (Sec. 201, Pub. L. 85-859, 72 Stat. 1380, as amended (26 U.S.C. 5362))

(Approved by the Office of Management and Budget under control numbers 1513-0053 and 1513-0115)

[T.D. ATF-299, 55 FR 24989, June 19, 1990, as amended by T.D. ATF-338, 58 FR 19065, Apr. 12, 1993; T.D. TTB-8, 69 FR 3830, Jan. 27, 2004]

Sec. 24.294 Destruction of wine.

(a) General. Wine on bonded wine premises may be destroyed on or off wine premises by the proprietor without payment of tax. A proprietor who wants to destroy wine on or off wine premises must file with the appropriate TTB officer an application stating the kind, alcohol content, and approximate volume of wine to be destroyed, where the wine is to be destroyed, and the

reason for destruction. Wine to be destroyed must be inspected, and the destruction supervised, by an appropriate TTB officer unless the appropriate TTB officer authorizes the proprietor to destroy the wine without inspection and supervision. The wine must not be destroyed until the proprietor has received authority from the appropriate TTB officer.

(b) Record of destruction. The proprietor shall maintain a record of the volume destroyed and include the quantity on the TTB F 5120.17, Report of Bonded Wine Premises Operations. If part of the volume of the material destroyed is not wine, the volume destroyed will be reported on the basis of actual wine content of the material, excluding any dilution by water or other substance. (Sec. 201, Pub. L. 85-859, 72 Stat. 1381, as amended (26 U.S.C. 5367, 5370))

(Approved by the Office of Management and Budget under control numbers 1513-0053 and 1513-0115)

[T.D. ATF-299, 55 FR 24989, June 19, 1990, as amended by T.D. ATF-338, 58 FR 19065, Apr. 12, 1993; T.D. ATF-409, 64 FR 13686, Mar. 22, 1999]

Sec. 24.295 Return of unmerchantable wine to bond.

(a) General. Wine produced in the United States which has been taxpaid, removed from bonded wine premises, and subsequently determined to be unmerchantable may be returned to bonded wine premises for reconditioning, reformulation or destruction. The tax paid on United States wine may, when such wine is returned to bond, be refunded or credited, without interest, to the proprietor of the bonded wine premises to which such wine is delivered. However, no tax paid on any United States wine for which a claim has been or will be made under the provisions of 27 CFR Part 70, subpart G will be refunded or credited. If the tax on the United States wine has been determined but not paid, the person liable for the tax may, when such wine is returned to bond, be relieved of the liability. Claims for refund or credit, or relief from tax paid or determined on United States wine returned to bond are filed in accordance with Sec. 24.66.

(b) Receipt. The quantity of unmerchantable taxpaid United States wine returned to bond is determined upon receipt on bonded wine premises. The quantity determined will be entered on the TTB F 5120.17, Report of Bonded Wine Premises Operations for the reporting period during which the United States wine is returned.

(c) Records. The proprietor shall maintain records covering each lot of unmerchantable taxpaid wine returned to bond in accordance with Sec. 24.312. (Sec. 201, Pub. L. 85-859, 72 Stat. 1332, as amended, 1382, as amended (26 U.S.C. 5044, 5371))

(Approved by the Office of Management and Budget under control numbers 1513-0053, 1513-0115 and 1513-0088)

[T.D. ATF-299, 55 FR 24989, June 19, 1990, as amended by T.D. ATF-312, 56 FR 31082, July 9, 1991; T.D. ATF-338, 58 FR 19065, Apr. 12, 1993; T.D. ATF-344, 58 FR 40354, July 28, 1993; T.D. ATF-376, 61 FR 31030, June 19, 1996]

Sec. 24.300 General.

(a) Records and reports. A proprietor who conducts wine operations shall maintain wine transaction records and submit reports as required

by this part. Transaction records may be recorded in wine gallons or in liters. However, required reports will show wine volumes in wine gallons. The equivalent wine gallons of wine bottled or packed and labeled according to metric measure will be determined using the following conversion factors:

(1) Per case. Equivalent gallonage may be determined using the following conversion factors for cases of metric bottles:

Bottles per case	Net content each bottle	Equivalent gallonage
120	.....50 mL.....	1.58502
60	.....100 mL.....	1.58502
48	.....187 mL.....	2.37119
24	.....375 mL.....	2.37753
12	.....750 mL.....	2.37753
12	.....1 liter.....	3.17004
6	.....1.5 liter.....	2.37753
4	.....3 liter.....	3.17004

(2) Per liter. Equivalent gallonage may be determined by multiplying total liters by a conversion factor of 0.26417 gallons per liter.

(b) Time of making entries. Any operation or transaction is to be entered in records or commercial papers at the time the operation or transaction occurs, except that where records are posted from source records or from supplemental auxiliary records prepared at the time the operation or transaction occurs, entries in another record may be deferred to not later than the close of business of the third business day succeeding the day on which the operation or transaction occurs. The proprietor shall retain all source records and all supplemental or auxiliary records which support entries in other records or commercial papers in order to facilitate verification of operations by appropriate TTB officers. Source records and supplemental or auxiliary records may be used as a record of an operation or transaction and to prepare the TTB F 5120.17, Report of Bonded Wine Premises Operations, provided the record will readily allow for verification of an operation or transaction by appropriate TTB officers.

(c) Prescribed forms. All reports required by this part must be submitted on forms prescribed by Sec. 24.20. Entries will be made as indicated by the headings of the columns and lines, and as required by the instructions for the form. Report forms are furnished free of cost.

(d) Period of retention. All prescribed returns, reports and records (including source records) will be retained by the proprietor for a period of not less than three years from the record date or the date of the last entry required to be made in the record, whichever is later. However, the appropriate TTB officer may require records to be kept an additional period not exceeding three years in any case where retention is determined to be necessary.

(e) Data processing. (1) Notwithstanding any other provision of this section, data maintained on data processing equipment may be kept at a location other than the wine premises if the original operation or transaction source records required by this subpart are kept available for inspection at the wine premises.

(2) Data which has been accumulated on cards, tapes, discs, or other accepted recording media will be retrievable within five business days.

(3) The applicable data processing program will be made available for examination if requested by an appropriate TTB officer.

(f) Photographic copies of records. The proprietor may record, copy, or reproduce records required by this part and may use any process which accurately reproduces the original record and which forms a durable medium for reproducing and preserving the original record. Whenever records are reproduced under this section, the reproduced records will be preserved in conveniently accessible files, and provisions will be made for examining, viewing and using the reproduced record the same as if it were the original record, and it will be treated and considered for all purposes as though it were the original record. All provisions of law and regulations applicable to the original are applicable to the reproduced record. As used in this paragraph, "original record" means the record required to be maintained or preserved by the proprietor, even though it may be an executed duplicate or other copy of the document.

(g) F 5120.17, Report of Bonded Wine Premises Operations. A proprietor who conducts bonded wine premises operations must complete and submit a F 5120.17 in accordance with the instructions on the form.

(1) Monthly report. The proprietor must submit F 5120.17 on a monthly basis, except as otherwise provided in paragraph (g)(2) or (g)(3) of this section.

(2) Quarterly or annual report. (i) General. A proprietor may file a completed F 5120.17 on a quarterly or annual basis if the proprietor meets the criteria in paragraph (g)(2)(ii) or (g)(2)(iii) of this section. To begin the quarterly or annual filing of a report of bonded wine premises operations, a proprietor must state the intent to do so in the "Remarks" section when filing the prior month's F 5120.17. A proprietor who is commencing operations during a calendar year and expects to meet these criteria may use a letter notice to the appropriate TTB officer and file F 5120.17 quarterly or annually for the remaining portion of the calendar year. If a proprietor becomes ineligible for quarterly or annual filing by exceeding the applicable tax liability or activity limit, the proprietor must file F 5120.17 for that month and for all subsequent months of the calendar year. If there is a jeopardy to the revenue, the appropriate TTB officer may at any time require any proprietor otherwise eligible for quarterly or annual filing of a report of bonded wine premises operations to file such report monthly.

(ii) Eligibility for quarterly report filing. In order to be eligible to file F 5120.17 on a quarterly basis, the proprietor must be filing quarterly tax returns under Sec. 24.271, and the proprietor must not expect the sum of the bulk and bottled wine to be accounted for in all tax classes to exceed 60,000 gallons for any one quarter during the calendar year when adding up the bulk and bottled wine on hand at the beginning of the month, bulk wine produced by fermentation, sweetening, blending, amelioration or addition of wine spirits, bulk wine bottled, bulk and bottled wine received in bond, taxpaid wine returned to bond, bottled wine dumped to bulk, inventory gains, and any activity written in the untitled lines of the report form which increases the amount of wine to be accounted for.

(iii) Eligibility for annual report filing. In order to be eligible to file F 5120.17 on an annual basis, the proprietor must be filing annual tax returns under Sec. 24.273, and the proprietor must not expect the sum of the bulk and bottled wine to be accounted for in all tax classes to exceed 20,000 gallons for any one month during the calendar year when adding up the bulk and bottled wine on hand at the beginning of the month, bulk wine produced by fermentation, sweetening,

blending, amelioration or addition of wine spirits, bulk wine bottled, bulk and bottled wine received in bond, taxpaid wine returned to bond, bottled wine dumped to bulk, inventory gains, and any activity written in the untitled lines of the report form which increases the amount of wine to be accounted for.

(3) No reportable activity. A proprietor who files a monthly F 5120.17 and does not expect an inventory change or any reportable operations to be conducted in a subsequent month or months may attach to the filed F 5120.17 a statement that, until a change in the inventory or a reportable operation occurs, a F 5120.17 will not be filed.

(Sec. 201, Pub. L. 85-859, 72 Stat. 1381, as amended (26 U.S.C. 5367, 5555))

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[T.D. ATF-299, 55 FR 24989, June 19, 1990, as amended by T.D. ATF-338, 58 FR 19065, Apr. 12, 1993; T.D. ATF-409, 64 FR 13683, 13684 and 13686, Mar. 22, 1999; T.D. TTB-41, 71 FR 5603, Feb. 2, 2006]

Sec. 24.301 Bulk still wine record.

A proprietor who produces or receives still wine in bond, (including wine intended for use as distilling material or vinegar stock to which water has not yet been added) shall maintain records of transactions for bulk still wine. Records will be maintained for each tax class of still wine including the date the transaction occurred. The bulk still wine record will contain the following:

- (a) The volume produced by fermentation in wine gallons determined by actual measurement;
- (b) The volume received, shipped taxpaid, removed (e.g., taxpaid, in bond, export, family use, samples) and used in sparkling wine production; if a tax credit under 26 U.S.C. 5041(c) may be claimed, the record will be maintained in sufficient detail to insure that such a tax credit is properly claimed;
- (c) The specific type of production method used, e.g., natural fermentation, amelioration, sweetening, addition of spirits, blending;
- (d) The volume of wine used and produced by amelioration, addition of spirits or sweetening, as determined by measurements of the wine before and after production.
- (e) The volume of wine used for and produced by blending, if wines of different tax classes are blended together;
- (f) The volume of wine used to produce formula wine, vinegar stock and distilling material;
- (g) The volume of wine removed to fermenters for refermentation or removed directly to the production facilities of a distilled spirits plant or vinegar plant;
- (h) Where a process authorized under Sec. 24.248 is employed, records will be maintained to allow for verification of any limitation specified for the process employed and to ensure that the use of the process is consistent with good commercial practice;
- (i) Where a treating material is dissolved or dispersed in water as authorized in this part, the volume of water added to the wine;
- (j) An explanation of any unusual transaction. (Sec. 201, Pub. L. 85-859, 72 Stat. 1381, as amended (26 U.S.C. 5367)); and

(k) If the proprietor is an importer of wine to which the provisions of Sec. 27.140 of this chapter apply, any certification or other records required at the time of release from customs custody under that section.

(Approved by the Office of Management and Budget under control number 1513-0115)

[T.D. ATF-299, 55 FR 24989, June 19, 1990, as amended by T.D. ATF-307, 55 FR 52738, Dec. 21, 1990; T.D. ATF-312, 56 FR 31082, July 9, 1991; T.D. TTB-31, 70 FR 49483, Aug. 24, 2005]

Sec. 24.302 Effervescent wine record.

A proprietor who produces or receives sparkling wine or artificially carbonated wine in bond shall maintain records showing the transaction date and details of production, receipt, storage, removal, and any loss incurred. Records will be maintained for each specific process used (bulk or bottle fermented, artificially carbonated) and by the specific kind of wine, e.g., grape, pear, cherry. The record will contain the following:

- (a) The volume of still wine filled into bottles or pressurized tanks prior to secondary fermentation or prior to the addition of carbon dioxide;
- (b) The quantity of any first dosage used;
- (c) Any in-process bottling losses, e.g., refilling, spillage, breakage;
- (d) The volume of bottle fermented sparkling wine in process, transferred and received;
- (e) The volume returned to still wine;
- (f) The quantity of any finishing dosage used (See Sec. 24.192);
- (g) The volume of finished sparkling wine or artificially carbonated wine bottled or packed (amount produced);
- (h) The quantity of each item used in the production of dosages, e.g., wine, sugar, spirits;
- (i) An explanation of any unusual transaction. (Sec. 201, Pub. L. 85-859, 72 Stat. 1381, as amended (26 U.S.C. 5367)); and
- (j) If the proprietor is an importer of wine to which the provisions of Sec. 27.140 of this chapter apply, any certification or other records required at the time of release from customs custody under that section.

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[T.D. ATF-299, 55 FR 24989, June 19, 1990, as amended by T.D. ATF-312, 56 FR 31082, July 9, 1991; T.D. TTB-31, 70 FR 49483, Aug. 24, 2005]

Sec. 24.303 Formula wine record.

A proprietor who produces beverage formula wine shall maintain records showing by transaction date the details of production. The formula wine record will contain the following:

- (a) A number for each lot produced;
- (b) The approved formula number for each lot;
- (c) The volume of wine used in the production;
- (d) The volume produced and the gain or loss resulting from the production of each lot as determined by comparing the volume finished with the volume used (report the total loss or gain on the TTB F 5120.17 for the period in question);
- (e) An explanation of any unusual loss or gain;

(f) The production of essences showing the formula number, quantities of spirits and herbs used, and the amount produced;

(g) The quantity of essences purchased, and the use, transfer or other disposition of essences produced or purchased; and

(h) A record of the receipt and use or other disposition of all herbs, aromatics, essences, extracts, or other flavoring materials used in the production of formula wine. (Sec. 201, Pub. L. 85-859, 72 Stat. 1381, as amended (26 U.S.C. 5367))

(Approved by the Office of Management and Budget under control numbers 1513-0010, 1513-0053 and 1513-0115)

[T.D. ATF-299, 55 FR 24989, June 19, 1990, as amended by T.D. ATF-338, 58 FR 19065, Apr. 12, 1993]

Sec. 24.304 Chaptalization (Brix adjustment) and amelioration record.

(a) General. A proprietor who chaptalizes juice or ameliorates juice or wine, or both, shall maintain a record of the operation and the transaction date. Records will be maintained for each kind of wine produced (grape, apple, strawberry, etc.). No form of record is prescribed, but the record maintained will contain the information necessary to enable appropriate TTB officers to readily determine compliance with chaptalization and amelioration limitations. All quantities will be recorded in wine gallons, and, where sugar is used, the quantity will be determined either by measuring the increase in volume or, for pure dry sugar by considering that each 13.5 pounds results in a volumetric increase of one gallon. If grape juice is chaptalized and subsequently this juice or wine is ameliorated, the quantity of pure dry sugar added to juice will be included as ameliorating material. If fruit juice other than grape is chaptalized and this juice or wine is ameliorated, the quantity of pure dry sugar added for chaptalization is not considered ameliorating material; however, if liquid sugar or invert sugar syrup is used, the quantity of water in such sugar is included as ameliorating material. The record will include the following:

- (1) The volume of juice (exclusive of pulp) deposited in fermenters;
- (2) The maximum volume of ameliorating material to which the juice is entitled, as provided in Sec. 24.178;
- (3) The volume of ameliorating or chaptalizing material used; and
- (4) The volume of material authorized but not yet used.

(b) Supporting records. The amelioration record will show the basis for entries and calculations, including determination of the natural fixed acid level and total solids content of juice, as applicable. The records are maintained on the basis of annual accounting periods, with each period commencing on July 1 of a year and ending on the following June 30, except the record for an accounting period may be continued after June 30, where the juice or wine included therein is to be held after that date for completion. When the amelioration of wine included in the record for one accounting period is complete, the record is closed and any unused ameliorating material may not be used. The proprietor may mix wines before amelioration of the wine is completed; however, the proprietor shall additionally maintain records necessary to establish the quantity of unused authorized material to which the resultant mixture would be entitled so that appropriate TTB officers may readily ascertain compliance with amelioration limitations. (Sec. 201, Pub. L. 85-859, 72 Stat. 1381, as amended 1385, as amended (26 U.S.C. 5367, 5384))

(Approved by the Office of Management and Budget under control number

1513-0115)

[T.D. ATF-299, 55 FR 24989, June 19, 1990, as amended by T.D. ATF-312, 56 FR 31082, July 9, 1991; T.D. ATF-409, 64 FR 13684, Mar. 22, 1999]

Sec. 24.305 Sweetening record.

A proprietor who sweetens natural wine with sugar or juice (unconcentrated or concentrated) under the provisions of this part shall maintain a record of sweetening by transaction date. The record will contain the following:

- (a) The gallons and degrees Brix of the wine before sweetening;
- (b) If concentrate is used, the degrees Brix of the concentrate;
- (c) If sugar or juice, or both, are used, the gallon equivalent that would be required to sweeten the volume of wine to its maximum authorized total solids content;
- (d) The quantity of sugar or juice used for sweetening; and
- (e) The gallons and degrees Brix of the wine produced by sweetening.

(Sec. 201, Pub. L. 85-859, 72 Stat. 1381, as amended (26 U.S.C. 5367))

(Approved by the Office of Management and Budget under control number 1513-0115)

Sec. 24.306 Distilling material or vinegar stock record.

A proprietor who produces or receives wine containing excess water which will be used expressly as distilling material or vinegar stock shall maintain a record by transaction date showing the amount and kind produced, received, from whom received, removed, and to whom sent. The proprietor shall keep a record of each type of material from which the distilling material or vinegar stock was fermented (e.g., grape, apple, strawberry). The volume of distilling material or vinegar stock produced, including wine lees refermented for use as distilling material, will be recorded upon removal from fermenting tanks. However, the provisions of this section do not apply to standard wine or unwatered wine lees recorded on the proprietor's record of bulk still wine and removed for use as distilling material or vinegar stock. (Sec. 201, Pub. L. 85-859, 72 Stat. 1381, as amended (26 U.S.C. 5367))

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[T.D. ATF-299, 55 FR 24989, June 19, 1990, as amended by T.D. ATF-312, 56 FR 31083, July 9, 1991]

Sec. 24.307 Nonbeverage wine record.

A proprietor who produces nonbeverage wine or wine products shall maintain a record by transaction date of such wine produced, received and withdrawn as follows:

- (a) The kind, volume, and percent alcohol by volume of wine or wine products made from wine, which was rendered unfit for beverage use;
- (b) The kind and quantity of materials received and used to render wine, or wine products made from wine, unfit for beverage use;
- (c) The name, volume, percent alcohol by volume, and formula number, if produced under a formula, of each nonbeverage wine or wine product produced;

(d) The volume, percent alcohol by volume, and formula number, if applicable, of the nonbeverage wine or wine products received;

(e) The volume, percent alcohol by volume, and formula number, if applicable, of the nonbeverage wine or wine products removed;

(f) The name and address of the person to whom removed; however, on any individual sale of less than 80 liters the name and address of the purchaser need not be recorded; and

(g) In the case of vinegar production, the acetic acid and ethyl alcohol content of the vinegar.

When the proprietor sends nonbeverage wine or wine products free of tax to an adjacent or contiguous premises operated by the proprietor, records required by paragraphs (e) and (g) of this section will be maintained at each location.

(Sec. 201, Pub. L. 85-859, 72 Stat. 1381, as amended (26 U.S.C. 5367))

(Approved by the Office of Management and Budget under control number 1513-0115)

Sec. 24.308 Bottled or packed wine record.

A proprietor who bottles, packs, or receives bottled or packed beverage wine in bond shall maintain a record, by tax class, as follows:

(a) The date, kind of wine, the number and size of bottle or other container filled (if not available in another record), and volume of wine bottled or packed, received in bond, returned to bond, and removed, e.g., taxpaid removals, in bond removals, dumped to bulk or destroyed, breakage, used for tasting. The volume recorded as bottled for bottle fermented sparkling wine is determined after the disgorging and refilling process.

(b) The label used on bottles or other containers will be shown in the record by using the ``Applicant's Serial No.''' which appears as item 2 on the label approval form, TTB F 5100.31 or a similar system which will allow for verification of labels used on bottles or containers.

(c) The fill tests and alcohol tests required by Sec. 24.255 for each lot of wine bottled or packed, or for each bottling or packing line operated each day, showing the date, type of test, item tested and the test results.

(d) If a tax credit under 26 U.S.C. 5041(c) may be claimed, the record will be maintained in sufficient detail to insure that such a tax credit is properly claimed.

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[T.D. ATF-299, 55 FR 24989, June 19, 1990, as amended by T.D. ATF-307, 55 FR 52738, Dec. 21, 1990; T.D. ATF-312, 56 FR 31083, July 9, 1991]

Sec. 24.310 Taxpaid removals from bond record.

A proprietor removing wine from bond for consumption or sale on determination of tax shall maintain a record of wine removed at the time of removal either to taxpaid wine premises, taxpaid wine bottling house premises, or for direct shipment. The record will show the date of removal, the name and address of the person to whom shipped, and the volume, kind (class and type), and alcohol content of the wine. However, on any individual sale of less than 80 liters, the name and address of the purchaser need not be recorded. The proprietor who removes taxpaid bulk wine

to another wine premises shall prepare the shipping record and follow the procedures prescribed by Sec. 24.281. The volume of wine removed taxpaid will be summarized daily by tax class in wine gallons to the nearest tenth gallon. (Sec. 201, Pub. L. 85-859, 72 Stat. 1381, as amended (26 U.S.C. 5367))

(Approved by the Office of Management and Budget under control number 1513-0115)

[T.D. ATF-299, 55 FR 24989, June 19, 1990, as amended by T.D. ATF-312, 56 FR 31083, July 9, 1991]

Sec. 24.311 Taxpaid wine record.

A proprietor who has taxpaid United States or foreign wine on taxpaid wine premises or on taxpaid wine bottling house premises shall maintain records as follows:

- (a) Record of receipts. (1) The name and address of the person or wine premises from whom received;
- (2) The registry number (if any) of the wine premises from which received;
- (3) The date of receipt;
- (4) The kind of wine (class, type and, in the case of foreign wine, country of origin);
- (5) Alcohol content or tax class of the wine; and,
- (6) The volume of wine received in liters and gallons.
- (b) Record of removals. (1) The name and address of the person to whom removed; however, on any individual sale of less than 80 liters, the name and address of the purchaser need not be recorded;
- (2) The date of removal;
- (3) The kind of wine (class, type and, in the case of foreign wine or a blend of United States and foreign wine, country of origin); and
- (4) The volume of wine shipped in liters or gallons.
- (c) Record of cases or containers filled. (1) The date the cases or containers were filled;
- (2) The kind (class, type, and in the case of foreign wine or a blend of United States and foreign wine, country of origin) of wine bottled or packed;
- (3) The number of the tank used to fill the bottles or other containers;
- (4) The size of bottles or other containers and the number of cases or containers filled;
- (5) The serial number or date of fill marked on the cases or containers filled; and
- (6) The total volume of wine bottled or packed in liters or wine gallons. (Sec. 201, Pub. L. 85-859, 72 Stat. 1381, as amended (26 U.S.C. 5367)).

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[T.D. ATF-299, 55 FR 24989, June 19, 1990, as amended by T.D. ATF-312, 56 FR 31083, July 9, 1991]

Sec. 24.312 Unmerchantable wine returned to bond record.

A proprietor shall maintain a record of any unmerchantable taxpaid wine returned to bond as follows:

- (a) The kind, volume, and tax class of the wine;
- (b) With regard to each tax class, the amount of tax previously paid or determined;
- (c) The location of the wine premises at which the wine was bottled or packed and, if known, the identity of the bonded wine premises from which removed on determination of tax;
- (d) The date the wine was returned to bond;
- (e) The serial numbers or other identifying marks on the cases or containers in which the wine was received; and
- (f) The final disposition of the wine. (Sec. 201, Pub. L. 85-859, 72 Stat. 1381, as amended (26 U.S.C. 5367))

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[T.D. ATF-299, 55 FR 24989, June 19, 1990, as amended by T.D. ATF-312, 56 FR 31083, July 9, 1991]

Sec. 24.313 Inventory record.

A proprietor who files monthly or quarterly reports shall prepare a record of the physical inventory of all wine and spirits in storage at the close of business for each tax year, or where a different cycle has been established, the inventory will be taken at the end of that annual period. Such proprietors may use an annual inventory period different from the period beginning July 1 and ending June 30 by submitting a notice to the appropriate TTB officer. However, proprietors who file quarterly reports must select an annual inventory period that begins on the first day of a calendar quarter. Proprietors who file reports on a calendar year basis under the provisions of Sec. 24.300(g) of this part shall take the physical inventory at the close of the calendar year. The inventory record will be retained on file with the proprietor's TTB F 5120.17, Report of Bonded Wine Premises Operations, for the reporting period when the inventory was taken. If a proprietor who files monthly reports takes a complete inventory at other times during the year, losses disclosed will be reported on the TTB F 5120.17 and the inventory record will be maintained on file with the report for each month when an inventory was taken. The proprietor's inventory record will include:

- (a) Description of wine. (1) State the generic name (e.g., port, claret) or designate as a white, rose or red table or dessert wine; or (2) Wine intended to be marketed with a vintage date, varietal name, or geographical designation will be appropriately identified, e.g., 1977 Napa Valley Pinot Noir; and (3) If the wine is other than grape wine, state the type, e.g., orange, honey.
- (b) Bulk containers. Tanks containing wine will be listed by tank number. Bulk containers which are barrels or puncheons containing the same kind of wine may be summarized, e.g., 10 barrels--red table wine 500 gals.;
- (c) Cases, bottles and other similar containers. The total volume of one kind of wine in cases, bottles and similar containers may be entered as one item and appropriately identified;
- (d) Inventory summary. The volume of bulk and bottled or packed wine will be totaled separately in wine gallons or in liters, by tax class, and reported on the TTB F 5120.17. Spirits will also be totaled and reported on the TTB F 5120.17; and
- (e) Inventory record. All inventory pages will be numbered

consecutively and the last inventory page will be dated and signed after the statement, ``Under penalties of perjury, I declare that I have examined this inventory record and to the best of my knowledge and belief, it is a true, correct and complete record of all wine and spirits required to be inventoried.'' (Sec. 201, Pub. L. 85-859, 72 Stat. 1381, as amended (26 U.S.C. 5367, 5369))

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Sec. 24.314 Label information record.

A proprietor who removes bottled or packed wine with information stated on the label (e.g., varietal, vintage, appellation of origin, analytical data, date of harvest) shall have complete records so that the information appearing on the label may be verified by an TTB audit. A wine is not entitled to have information stated on the label unless the information can be readily verified by a complete and accurate record trail from the beginning source material to removal of the wine for consumption or sale. All records necessary to verify wine label information are subject to the record retention requirements of Sec. 24.300(d). (Sec. 201, Pub. L. 85-859, 72 Stat. 1381, as amended (26 U.S.C. 5367))

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Sec. 24.315 Materials received and used record.

(a) General. A proprietor who produces wine shall maintain a record showing the receipt and use or other disposition of basic winemaking materials received on wine premises. The record will show the date of receipt, the quantity received, the name and address from whom received, and the date of use or other disposition of the materials. For any material stored off wine premises, invoices or other commercial papers covering the purchase will also be kept available for inspection. Where grapes (or other fruit) received on wine premises are used in producing juice to be stored for future use or for removal, the record will show the quantity used and juice produced.

(b) Concentrated fruit juice. When concentrated fruit juice or must is produced or received, the record will show the degrees Brix of the juice before and after concentration, the volume of juice before and after reconstitution, the volume of reconstitution water used for each dilution of the concentrate, and, if volatile fruit flavor was added, the kind and volume. Where fruit or juice is used to produce concentrated juice, the record will also show the quantity of fruit or volume of juice used. If the concentrated fruit juice is removed for use by another proprietor, a copy of the certificate required by Sec. 24.180 will be retained. The record of concentrated fruit juice will contain the information necessary to determine compliance with the limitations prescribed in Sec. 24.180. Incomplete or inaccurate records of concentrated fruit juice may result in the wine produced from the concentrated fruit juice to be designated substandard.

(c) Volatile fruit-flavor concentrate. If volatile fruit-flavor

concentrate is received, the record will show the volume received, the fold, the percent of alcohol by volume, any loss in transit, and the use or other disposition of the volatile fruit-flavor concentrate. (Sec. 201, Pub. L. 85-859, 72 Stat. 1381, as amended (26 U.S.C. 5367))

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Sec. 24.316 Spirits record.

A proprietor who receives, stores, or uses spirits shall maintain a record of receipt and use. The record will show the date of receipt, from whom received, and the kind and proof gallons. The spirits record will also show by date and proof gallons the spirits used or removed from bonded wine premises and to whom. The proof gallons of spirits received, used, removed from bonded wine premises, and on hand will be summarized and the account balanced at the end of each reporting period and reported on the TTB F 5120.17. (Sec. 201, Pub. L. 85-859, 72 Stat. 1381, as amended, 1382, as amended, 1383, as amended (26 U.S.C. 5367, 5373))

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[T.D. ATF-299, 55 FR 24989, June 19, 1990, as amended by T.D. ATF-312, 56 FR 31083, July 9, 1991; T.D. ATF-338, 58 FR 19065, Apr. 12, 1993]

Sec. 24.317 Sugar record.

A proprietor who receives, stores, or uses sugar shall maintain a record of receipt and use. The record will show the date of receipt, from whom received, and the kind and quantity. Invoices covering purchases will be retained. When sugar is used for chaptalization (Brix adjustment), amelioration or sweetening, the record will show the date, kind, and quantity used. The sugar record will also show sugar used in the production of allied products and any sugar removed from the wine premises. At the close of each reporting period, the account will be balanced and the quantity of each kind of sugar remaining on hand will be shown. (Sec. 201, Pub. L. 85-859, 72 Stat. 1381, as amended (26 U.S.C. 5367))

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[T.D. ATF-299, 55 FR 24989, June 19, 1990, as amended by T.D. ATF-338, 58 FR 19065, Apr. 12, 1993]

Sec. 24.318 Acid record.

A proprietor who adds acid to correct a natural deficiency in juice or wine or to stabilize wine shall maintain a record showing date of use, the kind and quantity of acid used, the kinds and volume of juice or wine in which used, and, when used to correct natural deficiency, the fixed acid level of juice or of wine before and after the addition of acid. The record will account for all acids received and be supported by purchase invoices. (Sec. 201, Pub. L. 85-859, 72 Stat. 1381, as amended (26 U.S.C. 5367))

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Sec. 24.319 Carbon dioxide record.

A proprietor who uses carbon dioxide in still wine shall maintain a record of the laboratory tests conducted to establish compliance with the limitations prescribed in Sec. 24.245. (Sec. 201, Pub. L. 85-859, 72 Stat. 1381, as amended (26 U.S.C. 5367))

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Sec. 24.320 Chemical record.

A proprietor who uses chemicals, preservatives, or other such materials shall maintain a record of the purchase, receipt and disposition of these materials. The record will show the kinds and quantities received, the date of receipt, and the names and addresses from whom purchased. A record of use in juice or wine of any of these materials, except for filtering aids, inert fining agents, sulfur dioxide, carbon dioxide (except as provided in Sec. 24.319), nitrogen and oxygen, will be maintained, showing the kind, quantity, and date of use, and kind and volume of juice or wine in which used. (Sec. 201, Pub. L. 85-859, 72 Stat. 1381, as amended (26 U.S.C. 5367))

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[T.D. ATF-299, 55 FR 24989, June 19, 1990, as amended by T.D. ATF-312, 56 FR 31083, July 9, 1991]

Sec. 24.322 Allied products record.

A proprietor who uses fruit, fruit juice or concentrated fruit juice in the production of allied products shall maintain a record of these materials in accordance with Sec. 24.315. The record will also show the production and disposition of other allied products. If sugar, acids, or chemicals are used in allied products, the receipt and use will also be recorded. (Sec. 201, Pub. L. 85-859, 72 Stat. 1381, as amended (26 U.S.C. 5367))

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