

1513-0047

26 U.S.C.

Sec. 5001 - Imposition, rate, and attachment of tax

(a) Rate of tax

(1) General

There is hereby imposed on all distilled spirits produced in or imported into the United States a tax at the rate of \$13.50 on each proof gallon and a proportionate tax at the like rate on all fractional parts of a proof gallon.

(b) Time of attachment on distilled spirits

The tax shall attach to distilled spirits as soon as this substance is in existence as such, whether it be subsequently separated as pure or impure spirits, or be immediately, or at any subsequent time, transferred into any other substance, either in the process of original production or by any subsequent process.

Sec. 5207. Records and Reports.

(a) Records of distilled spirits plant proprietors

Every distilled spirits plant proprietor shall keep records in such form and manner as the Secretary shall by regulations prescribe of:

(1) The following production activities -

(A) the receipt of materials intended for use in the production of distilled spirits, and the use thereof,

(B) the receipt and use of distilled spirits received for redistillation, and

(C) the kind and quantity of distilled spirits produced.

(2) The following storage activities -

(A) the kind and quantity of distilled spirits, wines, and alcoholic ingredients entered into storage,

(B) the kind and quantity of distilled spirits, wines, and alcoholic ingredients removed, and the purpose for which removed, and

(C) the kind and quantity of distilled spirits returned to storage.

(3) The following denaturation activities -

(A) the kind and quantity of denaturants received and used or otherwise disposed of,

(B) the kind and quantity of distilled spirits denatured, and

(C) the kind and quantity of denatured distilled spirits removed.

(4) The following processing activities -

(A) all distilled spirits, wines, and alcoholic ingredients received or transferred,

(B) the kind and quantity of distilled spirits packaged or bottled, and

(C) the kind and quantity of distilled spirits removed from his premises.

(5) Such additional information with respect to activities described in paragraphs (1), (2), (3), and (4), and with respect to other activities, as may by regulations be required.

(b) Reports

Every person required to keep records under subsection (a) shall render such reports covering his operations, at such times and in such form and manner and containing such information, as the Secretary shall by regulations prescribe.

(c) Preservation and inspection

The records required by subsection (a) and a copy of each report required by subsection (b) shall be available for inspection by any internal revenue officer during business hours, and shall be preserved by the person required to keep such records and reports for such period as the Secretary shall by regulations prescribe.

(d) Penalty

For penalty and forfeiture for refusal or neglect to keep records required under this section, or for false entries therein, see sections 5603 and 5615(5)

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Sec. 19.312 Receipt of materials.

The quantities of fermenting and distilling materials (including nonpotable chemical mixtures containing spirits produced in accordance with Sec. 19.67), and of spirits, denatured spirits, articles, and spirits residues, for redistillation, received on bonded premises shall be determined by the proprietor, and reported as provided in subpart W of this part. Fermented material (except apple cider exempt from tax under 26 U.S.C. 5042(a)(1)) to be used in the production of spirits shall be produced on the bonded premises where used or must be received on the premises from (a) a bonded wine cellar, in the case of wine, or (b) a contiguous brewery where produced, in the case of beer.

(Sec. 201, Pub. L. 85-859, 72 Stat. 1356, as amended, 1365, as amended (26 U.S.C. 5201, 5222, 5223))

Sec. 19.314 Removal of fermenting material.

Material received for use as fermenting material may be removed from or used on bonded premises for other purposes. A record of use or removal shall be kept as provided in subpart W of this part.

(Sec. 201, Pub. L. 85-859, 72 Stat. 1356, as amended (26 U.S.C. 5201))

Sec. 19.315 Removal or destruction of distilling material.

Except as provided in this section, distilling material shall not be removed from bonded premises before being distilled. The proprietor may remove mash, wort, wash or other distilling material--(a) to plant premises, other than bonded premises for use in such businesses as may be authorized under Sec. 19.72; (b) to other premises for use in processes not involving the production of (1) spirits, (2) alcoholic beverages, or (3) vinegar by the vaporizing process; or (c) for destruction. The residue of distilling material not introduced into the production system may be removed from the premises if the liquid is expressed from the material before removal and such liquid is not received at any distilled spirits plant or bonded wine cellar. Residue of beer used as distilling material may be returned to the producing brewery. Distilling material produced and wine and beer received for use as distilling material may be destroyed. A record of removal or destruction shall be kept as provided in subpart W of this part.

(Sec. 201, Pub. L. 85-859, 72 Stat. 1365, as amended, 1381, as amended (26 U.S.C. 5222, 5370))

Sec. 19.316 Distillation.

The distillation of spirits shall be such that the spirits pass through a continuous system from the first still or other production equipment where access to the system would constitute a jeopardy to the revenue until the production of the spirits is completed. The distiller may, in the course of production, convey the product through as many distilling or other production operations as desired, provided the

operations are continuous. Distilling operations are continuous when the spirits are conveyed through the various steps of production as expeditiously as plant operation will permit. The collection of unfinished spirits for the purpose of redistillation is not deemed to be a break in the continuity of the distilling procedure. However, the quantity and proof of any unfinished spirits produced from distilling materials, the quantity of which was ascertained in the manner authorized in Sec. 19.732(c) for such materials, shall be determined and recorded before any mingling with other materials or before any further operations involving the unfinished spirits outside the continuous system. Spirits may be held, prior to the production gauge, only for so long as is reasonably necessary to complete the production procedure.

(Sec. 201, Pub. L. 85-859, 72 Stat. 1353, as amended, 1362, as amended, 1365, as amended (26 U.S.C. 5178, 5211, 5222))

Sec. 19.326 Spirits content of chemicals produced.

All chemicals produced, including chemical by-products of the spirits production system, shall be substantially free of spirits before being removed from bonded premises. Except as authorized by the appropriate TTB officer, the spirits content of such chemicals to be removed from bonded premises shall not exceed 10 percent by volume. Proprietors shall test chemicals for spirits content. Records of the tests will be maintained according to Sec. 19.736.

(Sec. 201, Pub. L. 85-859, 72 Stat. 1356, as amended (26 U.S.C. 5201))

Sec. 19.327 Disposition of chemicals.

Chemicals meeting the requirements in Sec. 19.326 may be removed from bonded premises by pipeline or in such containers as the proprietor may desire. The quantities of such chemicals removed from bonded premises shall be determined by the proprietor and records of removals maintained according to Sec. 19.736. Packages of such chemicals shall be appropriately marked by the proprietor to show the nature of the contents. Samples of such chemicals may be secured by appropriate TTB officers.

(Sec. 201, Pub. L. 85-859, 72 Stat. 1356, as amended, 1365, as amended (26 U.S.C. 5201, 5222))

Sec. 19.736 Daily production records.

(a) Spirits production. Each proprietor shall maintain daily production account records of production operations showing:

(1) The receipt of fermenting material or other nonalcoholic material intended for use in the production of spirits.

(2) The receipt and use of spirits, denatured spirits, articles, and spirits residues received for redistillation.

(3) The fermenting material set in each fermenter or other material used in the production of spirits.

(4) The distilling material produced, received for production, and used in production of spirits, or destroyed or removed from the premises before being distilled (including the residue of beer returned to the producing brewery).

(5) The gauge of spirits in each receiving tank, the production gauge (in proof gallons) of spirits removed from each tank, and the transaction form or record and its serial number covering each removal. The details of individual packages filled pursuant to production gauge for immediate withdrawal from bonded premises shall also be recorded.

(6) The fermenting materials or other nonalcoholic materials used or removed from the premises.

(7) The quantity and testing for alcoholic content of fusel oil or other chemicals removed from the production system and the disposition thereof with the name of the consignee, if any.

(8) The kind and quantity of distillates removed from the production system pursuant to Sec. 19.322.

(9) The kind and quantity of spirits, lost or destroyed prior to production gauge. Records pertaining to the production account shall be maintained in such a manner that the spirits produced may be traced through the distilling system to the mash or other material from which produced, and the identity of the spirits thus traced may be clearly established.

(b) Byproduct spirit production. Each proprietor who manufactures substances other than spirits, in a process which produces spirits as a byproduct, shall maintain daily production records as to each such process showing:

(1) The kind and quantity of materials received, unless included in records maintained under paragraph (a) of this section.

(2) The spirits produced and disposed of.

(3) The kind and quantity of other substances produced.

(Sec. 807, Pub. L. 96-39, 93 Stat. 284 (26 U.S.C. 5207))

[T.D. ATF-198, 50 FR 8464, Mar. 1, 1985; 50 FR 23410, June 4, 1985]

Sec. 19.792 Reports.

(a) Reports required by this section shall be prepared as of the end of the applicable reporting period. The original shall be submitted to the appropriate TTB officer and a copy retained by the proprietor.

(b) Proprietors shall submit the following summary reports of their operations:

Title	Form No.	Reporting period
(1) Production report.....	5110.40	Monthly.
(2) Storage report.....	5110.11	Do.
(3) Processing reports--		
(i) Manufacture/bottling.....	5110.28	Do.
(ii) Denaturation (including articles).	5110.43	Do.

(c) All reports required by this part shall be prepared and submitted to the appropriate TTB officer not later than the 15th day of the month following the close of the reporting period.

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

1513-0041)

(Sec. 807, Pub. L. 96-39, 98 Stat. 284 (26 U.S.C. 5207))

[T.D. ATF-198, 50 FR 8464, Mar. 1, 1985, as amended by T.D. ATF-206, 50 FR 23953, June 7, 1985]