SUBPART T -- TEMPORARY RULES FOR PAYING THE TAX ON DISTILLED SPIRITS AND RECTIFIED PRODUCTS BY RETURN.

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Authority: §§ 170.501 to 170.585, issued under sec. 7805, I.R.C., 68A Stat. 917; 26 U.S.C. 7805.

Scope

§ 170.501 Scope of subpart.

The regulations in this subpart prescribe temporary rules for payment, by proprietors of establishments qualified under chapter 51, Internal Revenue Code, of internal revenue taxes imposed with respect to distilled spirits and rectified products, and temporary procedures relating thereto. When used in this subpart, the terms "distilled spirits" and "spirits" shall be deemed to be synonomous and include "alcohol."

§ 170.502 Forms prescribed.

The Director, Alcohol and Tobacco Tax Division, is authorized to prescribe all forms required by this subpart. All of the information called for in each form shall be furnished, as indicated by the headings on the form and the instructions thereon or issued in respect thereto, and as required by this subpart.

§ 170.503 Meaning of terms.

When used in this chapter and in forms prescribed under this chapter, where not otherwise distinctly expressed or manifestly incompatible with the intent thereof, terms shall have the meaning ascribed in this section or in the part of this chapter (such as Part 182, Part 201, Part 220, Part 221, Part 225, Part 230, or Part 235) under which the taxpayer conducts his operations. In the event a term which is defined in this section is defined elsewhere in this chapter, the definition contained in this section shall be controlling in respect to the use of the term in this subpart.

Assigned officer. The internal revenue officer assigned to duty at a particular establishment qualified under this chapter.

Business day. Any day other than a Saturday, Sunday, or a legal holiday (in the District of Columbia or a Statewide legal holiday in the particular State in which the return is required to be filed).

Determined. When used with respect to tax on distilled spirits withdrawn from internal revenue bond, shall mean that all things (other than packaging, marking, and stamping incident to removal) required by law or regulations to be done before such spirits are removed from the bonded premises (and culminating in execution by the internal revenue officer of his certificate of tax determination) have been completed. When used in reference to taxes with respect to rectified products, shall mean that the taxable quantity of spirits or wines has been established, and the tax payable with respect thereto has been calculated as prescribed in this chapter.

Proprietor. The proprietor of a distilled spirits plant (bonded premises or bottling premises), registered distillery, registered fruit distillery, industrial alcohol plant, internal revenue bonded warehouse, industrial alcohol bonded warehouse, rectifying plant, or taxpaid bottling house (as the case may be) qualified under the provisions of this chapter. References to proprietors of bonded premises shall include proprietors of registered distilleries, fruit distilleries, internal revenue bonded warehouses, industrial alcohol plants, and industrial alcohol bonded warehouses, where applicable. References to proprietors of bottling premises shall include proprietors of rectifying plants and taxpaid distilled spirits bottling houses where applicable.

Release number. The serial number, beginning with "1" on June 24, 1959, and on each January 1 thereafter, assigned by the proprietor for each withdrawal form (Form 179, 1440, or 1519) submitted for release of spirits and marked by him on each copy of such forms immediately above the internal revenue officer's certificate of tax determination required under § 170.556.

Taxes on rectified products. For the purpose of this subpart, are the taxes imposed by sections 5021, 5022, and 5041, I.R.C., on products manufactured on bottling premises (or rectifying plant premises).

Taxpaid. When used with respect to distilled spirits or rectified products shall mean that all applicable taxes imposed by law in respect of such articles have been determined as provided in this chapter.

Withdrawal form. The form (179, 1440, 1519) submitted by proprietors of bonded premises as application for withdrawal of spirits on determination of tax.

General

§ 170.511 Payment by return.

Notwithstanding any other provisions of this chapter relating to the payment (by proprietors of establishments qualified under chapter 51, Internal Revenue Code) of taxes on distilled spirits and rectified products, by distilled spirits excise tax stamps, rectification tax sheet stamps, certificates of taxpayment, or otherwise, such taxes shall, on and after June 24, 1959, be paid and collected on the basis of a semimonthly or prepayment return as provided in this subpart.

§ 170.512 Bond and consent required - distilled spirits tax.

Where spirits are to be withdrawn on determination of tax, the tax thereon shall be paid before the spirits are removed from the bonded premises unless the proprietor making application for the withdrawal (Form 2608 in the case of spirits withdrawn to bottling premises) has furnished bond on Form 2520, Form 2613, Form 2614, or Form 2615, as the case may be, to secure payment of the tax. In addition, before July 1, 1959, proprietors who desire to withdraw spirits on determination and before payment of tax (applicable to proprietors of bonded premises only) must file consent of surety on existing bonds as provided in § 170.532, 170.533, or 170.534, as the case may be.

§ 170.513 Consent required - deferral of payment of tax on rectified products.

Where a proprietor of bottling premises intends before July 1, 1959, to use, or remove from his rectifying or bottling premises, spirits or wines subject to tax under section 5021, 5022, or 5041, I.R.C., before payment of such tax, he must have filed consent on his bond, Form 34, as provided in section 170.535. On and after July 1, 1959, the payment of such taxes shall be secured by bond, Form 2601.

§ 170.514 Remittances.

Remittance for the tax in full shall accompany the return on Form 2521, 2522, 2523, or 2527, as the case may be, and may be in any form which the district director is authorized to accept under the provisions of § 301.6311-1 of this chapter and which is acceptable to him: Provided, That where a check or money order tendered in payment for taxes is not paid on presentment, or where the proprietor is otherwise in default in payment, any remittance made during the period of such default, and until the assistant regional commissioner finds that the revenue will not be jeopardized by the acceptance of a personal check (if acceptable to the district director), shall be in cash or in the form of a certified, cashier's, or treasurer's check drawn on any bank or trust company incorporated under the laws of the United States, or under the laws of any State, Territory, or possession of the United States, or a money order as defined in § 301.6311-1 of this chapter. Checks and money orders shall be made payable to "Internal Revenue Service."

§ 170.515 Stamping containers removed on determination of tax.

Where containers of spirits, other than cases of stamped bottles, are to be removed from bonded premises on determination of tax, each such container shall have a wholesale liquor dealer's stamp affixed thereto. Stamps shall not be affixed to tanks of such spirits to be removed by pipeline. The provisions of Part 182, 220, 221, or 225, as the case may be, relating to wholesale liquor dealer's stamp procedures are hereby made applicable to the issuance and use of wholesale liquor dealer's stamps under this subpart.

§ 170.516 Stamping containers of rectified spirits.

Each container of distilled spirits containing 5 wine gallons or more which is filled on bottling premises for removal therefrom shall have securely affixed thereto a wholesale liquor dealer's stamp. Stamps shall not be affixed to tanks of spirits to be removed by pipeline. The provisions in Part 230 or Part 235, as the case may be, relating to the issuance, affixing, and canceling of wholesale liquor dealer's stamps are hereby made applicable to the issuance and use of such stamps under this subpart.

§ 170.517 Taxable samples.

The tax on samples of distilled spirits withdrawn from bonded premises during the period June 1 through June 23, 1959, shall be paid pursuant to Form 1615 in accordance with the provisions of the applicable regulations in this chapter. The tax determined on samples withdrawn from bonded premises on and after June 24, 1959, shall be paid by return on Form 2522. Form 1615 shall be executed for each return period and shall be attached to the return for such period.

§ 170.518 Imported spirits.

When imported spirits (transferred to bonded premises pursuant to section 5311 (68A Stat.658), or 5232 (72 Stat. 1366), I.R.C., as applicable) are withdrawn for beverage purposes, there shall be paid, in addition to the basic internal revenue tax imposed by section 5001(a)(1), I.R.C., a tax equal to the duty which would have been paid had the spirits been imported for beverage purposes, less the duty already paid thereon. The additional tax shall be referred to as "additional tax -- less duty," and shall be paid at the same time and in the same manner as the basic internal revenue tax on distilled spirits. The total quantity in proof gallons (or wine gallons if below proof) withdrawn shall be the basis of computing the tax at the rates indicated. The amount of the "additional tax -- less duty" shall be stated separately and identified as such on the withdrawal form.

§ 170.519 Taxpayment of rinsings on bottling premises.

When rinsings accumulated on bottling premises, as provided in this chapter, are to be taxpaid, the proprietor shall submit to the assigned officer an application on Form 179, appropriately modified, for such taxpayment. The contents of the accumulation tank shall be gauged by the assigned officer, as provided in this chapter, and Form 179 shall be completed showing the proof gallons and the kind and age of the spirits from which the rinsings were obtained. The proprietor shall then prepare a tax prepayment return, Form 2521, and submit all copies thereof, and of Form 179, with remittance as described in § 170.514, to the internal revenue officer designated by the assistant regional commissioner, or to the district director, in accordance with the procedure in § 170.573(b). The release of the spirits shall be in accordance with the provisions of § 170.555.

§ 170.520 Eligibility for drawback.

Taxes which have been determined under the provisions of this subpart shall be considered to have been paid for the purposes of the allowance of drawback under Parts 197, 252, and 253 of this chapter.

§ 170.521 Adjustment of tax.

Nothing in this subpart shall be construed as precluding an adjustment after taxpayment, pursuant to law and regulations, of any overpayment or underpayment of tax.

§ 170.522 Containers.

Spirits to be withdrawn from bonded premises on determination of tax shall be in such containers and cases as are provided in this chapter for the withdrawal of spirits on which the tax has been paid.

§ 170.523 Blends of rums or fruit brandies.

Tax incurred under the provisions of section 5023, I.R.C., in the case of rums or fruit brandies blended on bonded premises, shall be determined at the time of determination of distilled spirits tax and paid at the same time and in the same manner as such tax.

Bonds and Consents of Surety to be Given Prior to July 1, 1959

§ 170.531 Bond, Form 2520, covering payment of tax pursuant to Form 2522.

The proprietor of an industrial alcohol plant, industrial alcohol bonded warehouse, registered distillery, fruit distillery, or internal revenue bonded warehouse, who intends to withdraw alcohol or distilled spirits during the period June 24, 1959 through June 30, 1959, before payment of the tax thereon (other than alcohol or distilled spirits to be withdrawn free of tax or without payment of tax as authorized by law) shall first file bond, Form 2520, to secure payment of the tax on such alcohol or distilled spirits. A separate bond, Form 2520, shall be furnished by the proprietor for each bonded premises (e.g., registered distillery or fruit distillery and internal revenue bonded warehouse on distillery premises, and industrial

alcohol plant and industrial alcohol bonded warehouse under same bond, Form 1432A) from which it is desired to withdraw alcohol or distilled spirits before payment of the tax. The penal sum of such bond shall be not less than the maximum amount of tax required to be reported on Form 2522 during the period June 24, 1959, through June 30, 1959, inclusive: Provided, That the penal sum of such bond shall not be less than $1,000 or more than $300,000. The proprietor shall also amend his existing bond, or file a new bond, as provided in § 170.532, 170.533, or 170.534, as the case may be.

§ 170.532 Industrial alcohol plants, industrial alcohol bonded warehouses - amended or new bond, Form 1432A.

Where the proprietor of an industrial alcohol plant or industrial alcohol bonded warehouse intends to withdraw alcohol on determination and before payment of tax under a bond, Form 2520, he shall file with such bond a consent on his existing bond, Form 1432A, extending its conditions to specifically cover such withdrawals, or file a new bond, Form 1432A, specifically conditioned to cover such withdrawals. Such conditioning of the existing or new bond shall be by a consent of surety on Form 1533, executed by the principal and the surety, and such consent shall be in the following form:

> WHEREAS, the purpose of this amendment is to bind the obligors for the payment of the tax on all alcohol withdrawn from the premises of the principal on determination of tax and before payment of the tax imposed by law.
>
> NOW, THEREFORE, the above-described bond is further specifically conditioned that the principal named therein shall pay all taxes (plus penalties, if any, and interest) for which he may become liable with respect to all alcohol withdrawn from his premises on determination of the tax and before payment of the tax thereon, and comply with all provisions of law and regulations with respect thereto.
>
> The aforesaid terms and conditions shall on and after June 24, 1959, have the same force and effect as the other terms and conditions stated in the bond.

§ 170.533 Internal revenue bonded warehouse - amended or new bond, Form 1571.

Where the proprietor of an internal revenue bonded warehouse intends to withdraw distilled spirits on determination and before payment of tax under a bond, Form 2520, he shall file with such bond a consent on his existing bond, Form 1571, extending its conditions to specifically cover such withdrawals, or file a new bond, Form 1571, specifically conditioned to cover such withdrawals. Such conditioning of the existing or new bond shall be by a consent of surety on Form 1533, executed by the principal and the surety, and such consent shall be in the following form:

> WHEREAS, the principal intends to withdraw distilled spirits from his premises on determination of tax and before payment of the tax imposed by law.
>
> NOW, THEREFORE, the terms and conditions of the bond given on Form 1571 are hereby amended, as follows:
>
> 1. The third term of the bond, starting with the words "WHEREAS, it is intended", is amended to read as follows:
>
> "WHEREAS, it is intended by this bond to insure that the tax imposed by law now or hereafter in force on all distilled spirits now or hereafter deposited in the said internal revenue bonded warehouse, shall be determined on withdrawal thereof from the said warehouse, and within twenty (20) years (except as otherwise provided by law) from the date of the first entry thereof in any distillery, general, special, or internal revenue bonded warehouse; and that said tax, together with penalties, if any, and interest, shall be paid on all distilled spirits so withdrawn on determination of the tax and on all distilled spirits now or hereafter in transit thereto from any internal revenue bonded warehouse, or from any registered distillery or fruit distillery, and not deposited in such warehouse; and to insure compliance with all other requirements of the law and regulations now or hereafter in force respecting such distilled spirits and the warehouse in which such spirits are deposited; and".
>
> 2. The first condition of the bond, starting with "1. Shall pay, or cause to be paid,", is amended to read, as follows:

"1. Shall offer for determination of the tax imposed by law, now or hereafter in force, and in the manner prescribed in the regulations, all distilled spirits now or hereafter deposited in the said internal revenue bonded warehouse, on withdrawal thereof from the said warehouse, and within twenty (20) years (except as otherwise provided by law) from the date of the first entry thereof in any distillery, general, special, or internal revenue bonded warehouse; and shall pay, or cause to be paid, at the time and in the manner provided by regulations, all taxes so determined (plus penalties, if any, and interest), and the tax imposed by law, now or hereafter in force (plus penalties, if any, and interest) on all distilled spirits now or hereafter in transit to said internal revenue bonded warehouse, or received thereat, and not deposited therein; and".

The aforesaid terms and conditions shall on and after June 24, 1959, have the same force and effect as the other terms and conditions stated in said bond.

§ 170.534 Registered distillery, fruit distillery - amended or new bonds, Form 30 or Form 30-1/2.

Where the proprietor of a registered distillery or fruit distillery intends to withdraw distilled spirits on determination and before payment of tax under a bond, Form 2520, he shall file with such bond an amendment to his current bond, Form 30 or Form 30-1/2, as the case may be, to specifically cover such withdrawals, or file a new bond, Form 30 or Form 30-1/2, specifically conditioned to cover such withdrawals. Such conditioning of the existing or new bond shall be by a consent of surety on Form 1533, executed by the principal and the surety, and such consent shall be in the following form:

WHEREAS, the principal intends to withdraw distilled spirits from his premises on determination of tax and before payment of the tax imposed by law.

NOW, THEREFORE, the above-described bond is further specifically conditioned that the principal named therein shall pay all taxes (plus penalties, if any, and interest) for which he may become liable as to all distilled spirits withdrawn by him on determination of the tax and before payment of the tax thereon and comply with all provisions of law and regulations with respect thereto.

The aforesaid terms and conditions shall on and after June 24, 1959, have the same force and effect as the other terms and conditions stated in said bond.

§ 170.535 Rectifying plant - amended or new bond, Form 34.

The proprietor of a rectifying plant who, during the period June 24, 1959, through June 30, 1959, desires the release of distilled spirits and wines rectified by him before payment of the tax imposed by law on such rectification must first file a consent on his existing bond, Form 34, extending its conditions to specifically cover such release, or file a new bond, Form 34, specifically conditioned to cover such release. Such conditioning of the existing or new bond shall be by a consent of surety on Form 1533, executed by the principal and the surety, and such consent shall be in the following form:

WHEREAS, the purpose of this amendment is to bind the obligors for the payment of the tax on all spirits and wines which are rectified by the principal and which are released on determination of tax and before payment of the tax imposed by law.

NOW, THEREFORE, the above-described bond is further specifically conditioned that the principal named therein shall pay, at the time and in the manner provided by regulations, all taxes (plus penalties, if any, and interest) for which he may become liable as to spirits and wines rectified by him which are released on determination of the tax and before payment of the tax thereon, and comply with all provisions of law and regulations with respect thereto.

The aforesaid terms and conditions shall on and after June 24, 1959, have the same force and effect as the other terms and conditions stated in said bond.

(68A Stat. 650; 26 U.S.C. 5272)

§ 170.536 Approval of bonds and consents given before July 1, 1959.

Bonds and consents of surety given under §§ 170.531, 170.532, 170.533, 170.534, and 170.535 shall be approved by assistant regional commissioners in the manner provided in the regulations in this chapter applicable to the operations of the principal on June 23, 1959.

§ 170.537 Termination of bond, Form 2520.

Bonds on Form 2520 shall be terminated when the assistant regional commissioner is satisfied that all taxes on spirits or alcohol withdrawn on determination and before payment of tax during the period June 24, 1959, through June 30, 1959, have been paid according to the laws of the United States and regulations made in conformity therewith. If the bond may be properly terminated the assistant regional commissioner shall issue notice of termination in the same manner as is provided in the regulations which were applicable to the operations of the principal on June 30, 1959, in the case of termination of other bonds.

§ 170.538 Pledged securities.

The deposit and release of securities of the United States, pledged to secure bonds given on Form 2520, shall be in accordance with the provisions of the regulations applicable to the operations of the principal on June 23, 1959.

Bonds for Periods Starting July 1, 1959

§ 170.541 Withdrawal bond, Form 2613 - proprietor of bonded premises.

Where, on and after July 1, 1959, the proprietor of the bonded premises of a distilled spirits plant intends to withdraw spirits from bonded premises on determination, but before payment, of the tax, he shall, before making any such withdrawal, furnish a bond, Form 2613 (unless he furnishes a bond on Form 2615, as provided in § 170.542a) to secure payment of the tax on all spirits so withdrawn. The penal sum of the bond on Form 2613 shall be equal to the amount of tax which, at any one time, has been determined and is chargeable against such bond but has not been paid: Provided, That the penal sum of the bond shall be not less than $1,000 or more than $1,000,000.

§ 170.542 Withdrawal bond, Form 2614 - proprietor of bottling premises.

Where, on and after July 1, 1959, a proprietor of a plant authorized to rectify or bottle spirits intends to withdraw spirits from bonded premises on determination, but before payment of the tax, for transfer to the bottling premises of such plant, he shall, before making any such withdrawal, furnish a bond on Form 2614 (unless he furnishes bond on Form 2615, as

provided in § 170.542a) to secure payment of the tax on all such spirits so withdrawn. The penal sum of the bond on Form 2614 shall be equal to the amount of tax which, at any one time, is chargeable against such bond but has not been credited thereto, as provided in § 170.551: Provided, That the penal sum of the bond shall be not less than $1,000 or more than $1,000,000.

§ 170.542a Blanket withdrawal bond, Form 2615.

Any person who, on and after July 1, 1959, is the proprietor of a distilled spirits plant which includes both bonded premises and bottling premises, or who is the proprietor of more than one plant in a region qualified for bonded and/or bottling operations and who intends to withdraw spirits from bond on determination, but before payment of the tax may, in lieu of furnishing separate bonds on Form 2613 and Form 2614, as required by § 170.541 and § 170.542, respectively, furnish a blanket withdrawal bond on Form 2615 containing the terms and conditions of the bonds in lieu of which it is given. The penal sum of the bond on Form 2615 shall be equal to the total of the penal sums of all the bonds, Forms 2613 and/or 2614, in lieu of which it is given and shall show as to each individual premises (each bonded premises and each bottling premises) covered by the bond the part of the total penal sum which represents the penal sum, computed in accordance with § 170.541 or § 170.542, as applicable, for each such premises. Withdrawals to or from each of the individual premises covered by the bond shall not exceed the quantity permissible as reflected by the penal sum so allocated to such premises in the bond. Such blanket withdrawal bond shall be conditioned that the total amount of the bond shall be available for satisfaction of any liability incurred under the terms and conditions of such bond.

§ 170.543 Approval of bonds and consents given on and after July 1, 1959.

Assistant regional commissioners are authorized to approve all bonds and consents of surety required by this subpart. Except as provided in § 170.536, the procedures in Part 201 of this chapter relating to bonds and consents of surety shall be applicable to bonds required by this subpart and to the giving of consents of surety, new bonds, superseding bonds, and strengthening bonds required under this subpart.

§ 170.544 Termination of withdrawal bonds, Forms 2613, 2614, and 2615.

Withdrawal bonds given on Forms 2613, 2614, and 2615 may be terminated as to liability for future withdrawals:

(a) pursuant to application of surety as provided in § 170.545,

(b) on approval of a superseding bond,

(c) on discontinuance by the principal of withdrawals under the bond, or

(d) on discontinuance of business by the principal.

§ 170.545 Application of surety for relief from bond, Forms 2613, 2614, and 2615.

A surety on any bond given on Form 2613, 2614, or 2615 may at any time in writing notify the principal and the assistant regional commissioner in whose office the bond is on file that he desires, after a date named, to be relieved of liability under said bond. Such date shall be not less than 10 days after the date the notice is received by the assistant regional commissioner. This notice may not be given by an agent of the surety unless it is accompanied by a power of attorney, duly executed by the surety, authorizing him to give such notice, or by a statement, executed under the penalties of perjury, that such power of attorney is on file with the Commissioner of Accounts, Surety Bonds Branch, Treasury Department. The surety shall also file with the assistant regional commissioner an acknowledgment or other proof of service on the principal. If such notice is not thereafter in writing withdrawn, the rights of the principal as supported by said bond shall be terminated on the date named in the notice, and the surety shall be relieved from liability to the extent set forth in § 170.546.

§ 170.546 Relief of surety from bond, Forms 2613, 2614, and 2615.

Where the surety on a bond given on Form 2613, 2614, or 2615 has filed application for relief from liability, as provided in § 170.545, the surety shall be relieved from liability, as provided in § 170.545, the surety shall be relieved from liability for withdrawals made wholly subsequent to the date specified in the notice, or the effective date of a new bond, if one is given. Notwithstanding such relief, the surety shall remain liable under the bond

until the principal has paid all taxes imposed on spirits withdrawn by him under such bond.

§ 170.547 Pledged securities.

The deposit and release of securities of the United States, pledged to secure bonds given on Form 2613, 2614, or 2615 shall be in accordance with the provisions of Part 201 of this chapter.

Determination of Tax and Withdrawal of Spirits

§ 170.551 Withdrawals by proprietors of bottling premises.

Where spirits are to be withdrawn on and after July 1, 1959, by the proprietor of bottling premises for rectification or bottling he shall make application for such withdrawal on Form 2608 in quadruplicate. Where the spirits are to be withdrawn on determination of tax under bond, Form 2614 (or Form 2615), given by the proprietor of the bottling premises, such proprietor shall execute the agreement to pay the amount of tax which is determined on the spirits described in the Form 2608 and shall certify under the penalties of perjury that he is not in default of any payment of tax chargeable against his bond, Form 2614 or 2615, as the case may be, and that the bond, Form 2614 (or applicable part of bond, Form 2615), is in the maximum penal sum or that it is sufficient to cover the amount of tax on the spirits described on the form in addition to all other amounts chargeable against the bond, Form 2614 or Form 2615, as the case may be. The proprietor shall forward the original and two copies of the Form 2608 to the proprietor of the bonded premises from which the spirits are to be withdrawn and deliver the remaining copy to the assigned officer at the bottling premises. Where the bond on Form 2614 (or applicable part of bond, Form 2615) is in a penal sum less than the maximum prescribed in § 170.542, the proprietor shall maintain an account of his bond. He shall charge the bond with the amount of liability he accepts at the time he executes Form 2608, and shall credit the bond for the same amount at the time he files his return and remittance to cover the payment of tax on the spirits covered by such Form 2608.

§ 170.552 Preparation and submission of withdrawal forms: bonded premises.

The proprietor of bonded premises shall prepare and submit withdrawal forms to the assigned officer at his premises in accordance with the applicable regulations in this chapter, except that (1) the withdrawal forms shall in every instance

be prepared and submitted in quintuplicate, and (2) where a distilled spirits plant number is shown on Forms 179 or 1440, the proprietor shall also show on the form whether the removal is to be made from production or storage facilities.

§ 170.553 Withdrawal procedure -- bonded premises.

The spirits to be taxpaid shall be inspected or gauged and the amount of tax found due shall be entered on the withdrawal form in accordance with the applicable regulations in this chapter, except that where Form 1520 is prepared, it shall be prepared in sextuple. The proprietor shall then, unless withdrawal is to be pursuant to Form 2608, either execute the statement provided for in § 170.554 or prepare tax prepayment form, Form 2521. Where the withdrawal is to be pursuant to Form 2608, the proprietor of bonded premises shall prepare a tax prepayment form if the proprietor of bottling premises has not executed on Form 2608 the agreement to pay the tax. In any event, the proprietor shall, before returning the withdrawal form to the internal revenue officer, assign to and enter on each such form a release number. The release numbers, which shall be entered on each copy of the form immediately above the internal revenue officer's certificate of tax determination, shall be assigned in serial order, starting with "1" for the first such form each calendar year. All withdrawal forms shall be numbered in the same series. Where withdrawal is to be made pursuant to Form 2608, the proprietor shall attach the original Form 2608 to the original of the withdrawal form and a copy of Form 2608 to each of two copies of the withdrawal form. The proprietor will give all copies of the withdrawal forms, accompanying reports of gauge (if any), Forms 2608 and/or Form 2521 (if any), to the assigned officer, except that where, pursuant to § 170.573(b), the return on Form 2521 is required to be filed with the district director, the processing of Form 2521 and the release of spirits shall be in accordance with § 170.555.

§ 170.554 Proprietor's statement.

Except where the tax is to be prepaid, or withdrawal is being made pursuant to application on Form 2608 on which the proprietor of bottling premises has executed his agreement to pay, the proprietor of the bonded premises shall, after inspection and gauge of the spirits and computation of the tax, execute the following statement on all copies of the withdrawal form:

I agree to pay, as required by law and regulation, the amount of $_____ as reported on this form, and certify under the penalties of perjury that the penal sum of my bond, Form _____, is sufficient under the provisions of 26 CFR Part 170, subpart T, to cover that amount in addition to all other amounts chargeable against such bond, Form _____, and that I am not in default in any payment of tax chargeable against bond (Form 2520, or Form 2613 or 2615).

_____
Proprietor

By_____
Signature

_____ _____
Date Title or Capacity

The above statement shall be printed or hand stamped (in not less than 8-point Gothic type) on the reverse of the withdrawal form. The proprietor shall insert the amount of tax and the applicable form number in the appropriate blank spaces in the above statement.

§ 170.555 Release of spirits.

No spirits shall be removed from bonded premises, except as otherwise provided by law, unless the tax thereon has been determined. If the Form 2608, or the proprietor's statement provided for in § 170.554, or the Form 2521, as the case may be, are in order and cover the full amount of the tax on the spirits covered by the withdrawal form, the assigned officer shall execute his statement of tax determination and release of the spirits as provided in § 170.556. Where the prepayment return has, pursuant to § 170.573(b), been filed with the district director, the statement regarding tax determination and removal of the spirits shall not be executed before the officer has received a copy of the return showing receipt of the remittance by the district director. The assigned officer shall issue the necessary number of wholesale liquor dealer's stamps for the packages, tank cars, or tank trucks in which the spirits are to be removed. Required marks and brands shall

be placed on the containers in accordance with the regulations in this chapter under which the proprietor operates.

§ 170.556 Internal revenue officer's statement.

Spirits being withdrawn on determination of tax shall not be removed until the internal revenue officer has executed his statement of tax determination. This statement shall be stamped in any unused space on the reverse of all copies of the withdrawal form and shall be in one of the following forms, as applicable ---

(Form 1) INTERNAL REVENUE OFFICER'S CERTIFICATE OF TAX DETERMINATION

I hereby certify that tax in the amount of $_____ has been determined on the spirits described on this form, and agreement to pay such amount has been executed on this form by the proprietor of the bonded premises.

Removal of the spirits is authorized. _____ _____
Date Signature & Title

- - - - - - - - -

(Form 2) INTERNAL REVENUE OFFICER'S CERTIFICATE OF TAX DETERMINATION

I hereby certify that tax in the amount of $_____ has been determined on the spirits described on this form, and prepayment return, Form 2521, serial No. _____, with remittance, has been submitted to me, or has been submitted to the district director of internal revenue and a receipted copy returned to me.

Removal of the spirits is authorized. _____ _____
Date Signature & Title

- - - - - - - - -

(Form 3) INTERNAL REVENUE OFFICER'S CERTIFICATE OF TAX DETERMINATION

I hereby certify that tax in the amount of $_____ has been determined on the spirits described on this form, and agreement to pay such amount has been executed on Form 2608, serial No. _____, by proprietor of distilled spirits plant No. _____.

Removal of the spirits is authorized. _____ _____
Date Signature & Title

- - - - - - - - -

The proprietor shall, before delivery of the withdrawal forms to the internal revenue officer for execution of his certificate of tax determination, hand stamp thereon the appropriate certification. The required hand stamps shall be in letters of not less than 8-point Gothic type, and shall be obtained by the proprietor at his own expense.

§ 170.557 Disposition of forms.

When the spirits have been removed from the bonded premises, the internal revenue officer shall execute the statement of removal on the withdrawal forms and distribute the forms as follows:

(a) Withdrawal by proprietor of bottling premises pursuant to Form 2608 --

(1) Original Form 2608, original withdrawal form and original Form 1520 (if any) to assistant regional commissioner of region in which bottling premises is located.

(2) A copy of Form 2608, a copy of withdrawal form, and a copy of Form 1520 (if any) to proprietor of bottling premises to which spirits were removed.

(3) A copy of Form 2608, a copy of withdrawal form, and a copy of Form 1520 (if any) to the proprietor of bonded premises.

(4) A copy of withdrawal form, and a copy of Form 1520 (if any) to assistant regional commissioner of the region in which the bonded premises is located.

(5) A copy of withdrawal form and a copy of Form 1520 (if any) retained for his files.

(b) Withdrawal by proprietor of bonded premises --

(1) Original of withdrawal form and original of Form 1520 (if any) to the assistant regional commissioner of region in which bonded premises is located.

(2) Two copies of withdrawal form and two copies of Form 1520 (if any) to proprietor of bonded

premises. (Furnishing of copies to consignee premises by proprietor shall be in accordance with the regulation in this chapter under which the proprietor operates.)

(3) A copy of the withdrawal form and a copy of Form 1520 (if any) retained for his files.

§ 170.558 Proprietor's daily report of withdrawals.

Not later than the close of the business day next following the day on which withdrawals are made, the proprietor of bonded premises shall furnish the assigned officer a report of the withdrawals of spirits from his bonded premises after tax determination. The report shall show the release numbers of all withdrawal forms covering spirits released during the day. The release numbers shall be listed separately by: (1) withdrawals prepaid on Form 2521; (2) withdrawals covered by the proprietor's bond, Form 2613 or 2615; and (3) withdrawals covered by bonds on Forms 2614 and 2615 given by proprietors of bottling premises including himself as proprietor of bottling premises. Such withdrawals shall be reported separately as to each distilled spirits plant (as applicable) (designated by plant number) to which the withdrawals were made. The total proof gallons withdrawn shall be shown for items (1) and (2) and the total proof gallons withdrawn by each bottling proprietor (including himself as bottling proprietor) shall be shown for item (3). As to each such listing, the total amount of tax represented by the listed withdrawal forms shall be shown. The report shall be prepared in duplicate, shall be signed by the proprietor, and shall be in substantially the following form:

Daily Report of Withdrawals After Tax Determination

Release Nos.	Quantities and Amount Prepaid	Amount Deferred to Proprietor's Bond, Form 2613 or 2615	Deferred to Bonds, Forms 2614 and 2615 of Bottling Proprietors	
			Plant No.	Quantity and Amount

"I declare under the penalties of perjury that this report has been examined by me and to the best of my knowledge and belief is a true, correct, and complete statement of withdrawals of spirits, on determination of tax on the date covered by this report."

_____

Signature

Determination of Tax on Rectified Products

§ 170.561 Procedure.

The gauge, determination of tax, and release for use or removal of rectified spirits or products on which tax is imposed by section 5021, 5022 or 5041, I.R.C., shall be in accordance with the procedures prescribed in subpart Z of Part 235 of this chapter except that

(1) one additional copy of Form 237 shall be prepared and submitted where the rectified spirits or products are subject to tax under sections 5021 or 5022, I.R.C., or are subject to additional wine tax under section 5041, I.R.C.;

(2) the proprietor, in lieu of obtaining class B rectified spirits package stamps or canceling rectification tax sheet stamps, shall either execute his agreement to pay the tax (as provided in § 170.562) or prepay the tax by return on Form 2523 (as provided in § 170.577(b)); and

(3) the internal revenue officer shall issue wholesale liquor dealer's stamps (if required) in accordance with the provisions of § 170.516, and execute his certificate of tax determination and release (as provided in § 170.563), except that release of the rectified spirits or products shall be as directed by the assistant regional commissioner when the prepayment form, Form 2523, is not filed with an assigned internal revenue officer.

The additional copy of Form 237 shall be retained by the assigned internal revenue officer and the remaining copies shall be distributed as provided in Part 235 of this chapter.

§ 170.562 Proprietor's statement: rectified products.

Except where the tax on rectified products is to be prepaid by return on Form 2523, the proprietor of the bottling premises shall, after inspection of the rectified products and computation of tax, execute the following statement on all copies of the Form 237 (inserting "Form 34" or "Form 2601", as applicable):

> I agree to pay, as required by law and regulations, the amount of $_____ as reported on this form, and certify under the penalties of perjury that the penal sum of my bond _____ is sufficient to cover that amount in addition to all other amounts chargeable against such bond _____, and that I am not in default in any payment of tax chargeable against my bond on Form 34 or Form 2601.

_____
Proprietor

By_____
Signature

_____ _____
Date Title and Capacity

The above statement shall be printed or hand stamped (in not less than 8-point Gothic type) on Form 237.

§ 170.563 Internal revenue officer's statement.

The internal revenue officer's statement referred to in § 170.561 shall be hand stamped in an unused space on the fact of Form 237 and shall read as follows:

INTERNAL REVENUE OFFICER 'S CERTIFICATE OF TAX DETERMINATION

I hereby certify that tax in the amount of $_____ has been determined on the rectified spirits or products described on this form, and (check block to indicate applicable certification)

☐ agreement to pay such amount has been executed on this form by the proprietor of the bottling premises.

☐ prepayment return, Form 2523, serial No. _____, with remittance, has been submitted to me.

Use or removal of the rectified spirits or products is authorized.

_____ _____
Date U. S. Internal Revenue Officer

The proprietor shall, before delivery of the withdrawal forms to the internal revenue officer for execution of his certificate of tax determination, hand stamp thereon the appropriate certification. The required hand stamps shall be in letters of not less than 8-point Gothic type, and shall be obtained by the proprietor at his own expense.

Returns

§ 170.571 Returns for prepaid taxes.

The tax on distilled spirits shall be paid pursuant to a return on Form 2521 in all cases where such tax is required to be paid before the spirits are withdrawn from bond. The tax on spirits and wines subject to tax under section 5021, 5022, or 5041, I.R.C., shall be paid pursuant to a return on Form 2523 in all cases where such taxes are required to be paid before such products are removed from the rectifying or bottling premises and before bottling or packaging for removal from such premises. Returns on Forms 2521 and 2523 may cover one or more transactions.

§ 170.572 Taxes to be collected by returns for semimonthly periods.

The tax on spirits to be paid after withdrawal from bond on determination of tax shall be paid pursuant to a return on Form 2522. The tax on spirits and wines subject to tax under section 5021, 5022, or 5041, I.R.C., which are not required to be paid pursuant to Form 2523, shall be paid pursuant to Form 2527. The periods to be covered by returns on Form 2522 and Form 2527 shall be semimonthly; such periods to run from the 9th day through the 23rd day of each month and from the 24th day of one month through the 8th day of the next succeeding month. The proprietor shall execute and file a return, Form 2522 or 2527, as applicable, covering each return period notwithstanding that no tax is due for payment for such period.

§ 170.573 Filing of returns and payment of distilled spirits tax.

(a) Payment pursuant to semimonthly return, Form 2522. Where the proprietor of bonded premises has withdrawn spirits from such premises on determination and before payment of tax, he shall, except as otherwise provided in this paragraph, file a tax return covering such spirits on Form 2522, with remittance, not later than the 3rd business day next succeeding the last day of the return period. Where the proprietor of bottling premises has withdrawn distilled spirits from bond on determination and before payment of the tax, he shall, except as otherwise provided in this paragraph, file a tax return covering such spirits on Form 2522, with remittance, not later than the 3rd business day next succeeding the last day of the return period in which he is required to report such withdrawal. Returns on Form 2522 and remittances of proprietors of bonded premises and bottling premises for the last complete return period (i.e., the semimonthly period ending June 23) in each fiscal year, shall be filed not later than the 2nd business day next succeeding the last day of the return period. The proprietor shall, not later than 2 p.m. on the date that such tax return is required to be filed, file such return, with remittance, with an internal revenue officer designated by the assistant regional commissioner for transmittal to the district director: Provided, That where the assistant regional commissioner finds that it is not practical for an internal revenue officer to receive the return and remittance, he may, by written notice, require the proprietor to file his return with remittance directly with the office of the district director: Provided further, That where the remittance is in cash, the return and remittance shall be filed directly with the office of the

district director. Where the return and remittance are delivered by United States mail to the office of the district director, the date of the official postmark of the United States Post Office stamped on the cover in which the return and remittance were mailed shall be deemed to be the date of delivery. Where a taxpayer has defaulted in any payment of tax under this paragraph, during the period of such default and until the assistant regional commissioner finds that the revenue will not be jeopardized by payment of tax pursuant to this paragraph, tax shall be paid by such proprietor in accordance with the provisions of paragraph (b).

(b) Payment pursuant to Form 2521. If the proprietor of bonded premises who has made application on Form 179, 1440, or 1519, as the case may be, or if the proprietor of bottling premises who has made application on Form 2608, for tax determination and withdrawal of spirits, does not have on file an approved withdrawal bond, or if such bond is in an insufficient penal sum, or if there is default by him in any payment of tax under this subpart, spirits shall not be released from bonded premises before the proprietor of the bonded premises has paid the tax thereon. To so pay the tax the proprietor of the bonded premises shall file a tax prepayment return, Form 2521, with remittance. Form 2521 and remittance shall be filed with the internal revenue officer designated by the assistant regional commissioner, for transmittal to the district director: Provided, That where the remittance is in cash, the return and remittance shall be filed directly with the office of the district director. Form 2521 may cover a single transaction or a number of transactions, but in no event shall the spirits covered by the return be released before the return, with remittance, is filed with the designated internal revenue officer or, if filed with the district director, before the district director furnishes the internal revenue officer a copy of the return showing receipt of the remittance.

§ 170.574 Filing of return on Form 2522 by proprietor of bonded premises required.

The proprietor of bonded premises shall file a return on Form 2522 in quadruplicate for each semimonthly return period as provided in §§ 170.572 and 170.573(a). The proprietor of each bonded premises shall include, for payment, on his return on Form 2522 the full amount of distilled spirits tax determined in respect of all spirits released for withdrawal from the bonded premises on determination of tax during the period covered by the return (except spirits on which tax has been prepaid by the proprietor on Form 2521, and spirits withdrawn on determination of tax by proprietors of bottling premises

pursuant to Forms 2608 under bonds, Form 2614 or 2615). The proprietor shall list on his return the release numbers of the withdrawal forms covered by the return.

§ 170.575 Special rules for period June 24 - July 8, 1959.

To cover the period June 24 through July 8, 1959, proprietors filing returns on Forms 2522 and 2527 shall execute separately such returns to cover the period June 24 through June 30, 1959, and to cover the period July 1 through July 8, 1959. Such returns shall be filed in accordance with the applicable procedures set forth in §§ 170.573(a) and 170.577(a) within 3 business days after July 8, 1959. A single remittance may cover the two returns on Form 2522 or 2527 for the period.

§ 170.576 Taxpayment and receipt of spirits withdrawn by proprietor of bottling premises.

Where spirits are withdrawn by the proprietor of bottling premises from internal revenue bond pursuant to application, Form 2608, and under bond, Form 2614 or 2615, as the case may be, on determination of tax, the tax shall be paid by such proprietor by return on Form 2522 for the period in which falls the date of receipt of the spirits at his premises or the 21st day after the date of the internal revenue officer's certificate of tax determination on the withdrawal form, whichever date occurs first. For the purposes of this section, spirits shall be deemed to be received when they arrive at the bottling premises. Such spirits must be conveyed without delay to the bottling premises and taken into such premises promptly on arrival. The proprietor shall show on his return, Form 2522, the release number of each withdrawal form included in the return and the distilled spirits plant from which the spirits were withdrawn.

§ 170.577 Filing of returns and payment of taxes on rectified products.

(a) Payment pursuant to semimonthly return, Form 2527. Where the proprietor of bottling premises has incurred liability for taxes determined during the return period but not paid on rectified products, he shall file a tax return covering such products on Form 2527, with remittance, not later than the 3rd business day next succeeding the last day of the return period: Provided, That with respect to the last complete return period (i.e., the semimonthly period ending June 23) in each fiscal year, such return and remittance shall be filed not later than the 2nd business day next succeeding the last day of the return period. The provisions of § 170.573 regarding (1) the 2 p.m. time of filing the return and remittance; (2) the person with

whom the return and remittance shall be filed; and (3) date of delivery when delivery is by United States mail, shall be applicable when tax is paid under this paragraph. Where a proprietor has defaulted in any payment of tax under this paragraph, he shall, during the period of such default and until the assistant regional commissioner finds that the revenue will not be jeopardized by payment of tax pursuant to this paragraph, pay tax in accordance with the provisions of paragraph (b).

(b) Payment pursuant to Form 2523. If the proprietor of bottling premises does not have consent on bond, Form 34, (applicable only for period June 24 through June 30, 1959), or is in default in any payment of tax under this subpart, no products subject to tax under section 5021, 5022, or 5041, I.R.C., on which tax has been incurred, may be removed from the premises, or bottled or packaged for removal from the premises until the tax thereon has been paid. To so pay the tax the proprietor of bottling premises shall file a tax prepayment return, Form 2523, with remittance. Form 2523 and remittance shall be filed with the assigned officer, or, as designated by the assistant regional commissioner, with an internal revenue officer or the district director of internal revenue: Provided, That where the remittance is in cash, the return and remittance shall be filed directly with the office of the district director. Unless otherwise authorized by the assistant regional commissioner, no rectified spirits covered by the return may be released before the return with remittance is filed with the designated internal revenue officer or, if filed with the district director, before the district director furnishes a copy of the return showing receipt of the remittance.

Redemption of Stamps

§ 170.581 Stamps eligible for redemption.

Subject to the provisions of section 6805 of the Internal Revenue Code, and of this subpart, unused distilled spirits excise tax stamps or unused rectification tax sheet stamps, may be redeemed if claim is filed within 3 years of the date of purchase of the stamps.

§ 170.582 Reporting of unused stamps.

A proprietor having on hand unused distilled spirits excise tax stamps or unused rectification tax stamps shall report the possession and (as applicable) disposition of such stamps on monthly report, Form 2260. The portion of the form used for reporting disposition of the last of such stamps in possession

of the proprietor shall be marked "Final Accounting". Copies of such reports shall be retained on the premises for not less than 2 years and be kept readily available for inspection by internal revenue officers.

§ 170.583 Claim, Form 843.

Redemption of stamps under this subpart shall be allowed by the assistant regional commissioner (alcohol and tobacco tax) pursuant to a claim on Form 843, for refund of the amount paid for unused stamps, and shall be made only to the person, or his legal representative, who purchased such stamps from the Government or who procured them by authorized transfer from other premises. The claim shall be filed with the assistant regional commissioner (alcohol and tobacco tax) for the region in which is located the qualified premises at which such stamps were procured for use. Separate claim shall be filed for each of the qualified premises for which the stamps were procured. The stamps for which claim is made shall be attached to the Form 843, and the class, number, and denomination thereof shall be listed in the claim or in an attachment thereto. If the claim includes stamps which have been destroyed, evidence satisfactory to the assistant regional commissioner establishing such destruction must accompany the claim.

§ 170.584 Time for filing claim.

No claim for the redemption of stamps eligible for redemption under § 170.581 shall be allowed unless presented within three years after the purchase of such stamps from the Government.

§ 170.585 Authorized claimant.

Claims should be made in the name of the purchaser (or procurer by authorized transfer) of the stamps except that in the case where such person is deceased the claim should be made in the name of the executor or administrator. Certified copies of the letters of administration or letters testamentary, or other similar evidence, should be annexed to the claim to show that the claimant is the executor, etc. If the claim is signed by an attorney-in-fact for an individual, partnership, association, or corporation, or by one of the members of a partnership or association, or, in the case of a corporation, by an officer or other person, the authority for such signing must be evidenced by a duly authenticated copy of the power of attorney conferring authority upon the person signing the document to execute the same or, in the case of a corporation,

by properly certified copies of extracts of the minutes of meetings of the board of directors authorizing certain officers or other persons to sign for the corporation: Provided, That such evidence of authority to sign, need not be submitted with the claim where such document has previously been filed by the claimant with the assistant regional commissioner. Powers of attorney shall be executed on Form 1534.

INDUSTRY CIRCULAR

OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE
ALCOHOL AND TOBACCO TAX DIVISION

WASHINGTON 25, D. C.

Industry Circular No. 59-34

May 29, 1959

SEMIMONTHLY WINE TAX RETURN SYSTEM

Proprietors of bonded wine cellars
and others concerned:

Purpose. The purpose of this industry circular is to give you preliminary information that will help you to effectively plan for a smooth transition from the payment of tax on wine by daily return to the payment of such tax by semimonthly return.

Background. The Secretary of the Treasury has authorized the payment of tax on wine by semimonthly return. This system of tax-payment will be mandatory, except where a winemaker is in default of any payment of the tax on wine or does not have on file a deferral bond in sufficient penal sum, in which instances, the tax must be prepaid. A preliminary draft of regulations for the payment of tax on wine by semimonthly return has been prepared and, as the new system is to be effective June 24, 1959, we are furnishing you a copy so you may be as fully advised as possible at the earliest possible date.

General. The proposed regulations will contain requirements for bonds and consents, procedures for filing returns, and other provisions necessary to the semimonthly return system. Conferences have been held with representatives of the Surety Association of America, 60 John Street, New York 38, New York, to acquaint them with the new bonding requirements. They have assured us that they will issue instructions by June 4th so that all bonding companies will be prepared to act expeditiously on requests for bonds conforming with the proposed regulations.

Bond requirements. The regulations will require that the penal sum of a wine tax deferral bond (Form 2053) shall be not less than the tax on the maximum quantity of wine to be removed for consumption or sale during any semimonthly return period, but shall not be more than $250,000. If the penal sum of your tax deferral bond (or bonds) in force on June 23, 1959, is not sufficient to meet these requirements, you must file a new bond or a strengthening bond. If the penal sum of your tax deferral bond (or bonds) in force on June 23, 1959, is sufficient, a new bond need not be filed, but in such instance, and also when a strengthening bond is filed, you must file a consent of surety, Form 1533, extending the terms of the bond (or bonds) in force June 23, 1959, to cover transactions after that date. The Form 1533 should properly identify the bond affected thereby and contain the statement of purpose as given in § 170.454 of the attached draft.

Period of semimonthly return. The semimonthly periods for the returns run from the 9th through the 23rd of one month and from the 24th of one month through the 8th of the next month. You must file a return, Form 2050, even though you did not remove wine for consumption or sale during a return period and regardless of whether any or all of the tax for the period has been prepaid. You will enter in schedule D of the return, the quantities of wine by taxable grades removed daily for consumption or sale during the period covered by the return and the aggregate of such daily totals in schedule A. Any wine on which the tax was prepaid during the period covered by the return will be reported in schedule C as an adjustment decreasing the tax. The serial numbers of the prepayment returns will be shown in schedule C.

Time for filing semimonthly return. The semimonthly return must be filed not later than three days (excluding Saturdays, Sundays, and legal holidays) after the close of the return period. Thus, for example, returns for the first period (June 24 through July 8) need not be filed until July 13, as Saturday, July 11, and Sunday, July 12, would be excluded.

Prepayment return. The regulations will require that the tax on wine must be prepaid on Form 2052, if the penal sum of your tax deferral bond (or bonds), Form 2053, is not sufficient to cover all taxes due for the return period, or if you are for any reason in default in your payments of tax on wine. Unless you are in default in a payment of wine tax, prepayment will not be required where the taxes due are not in excess of $100 (covered by your bond, Form 700), or where your tax deferral bond (or bonds), Form 2053, is in a sufficient penal sum.

Preparation and disposition of returns. You will prepare your returns, Forms 2050 and 2052, in quadruplicate, forward or deliver the original and two copies (with remittance) to the district director and, at the same time, forward one copy to your assistant regional commissioner.

Form of remittance. No change has been made in the rules governing the form of remittances which must accompany your returns. Thus, you will continue to be guided by the provisions of Part 240 in this respect.

Inquiries. Any inquiries regarding this industry circular should refer to its number and be addressed to the office of your assistant regional commissioner (alcohol and tobacco tax).

Dwight E. Avis
Director, Alcohol and Tobacco Tax Division

Attachment

IRS-D.C.-49192

SUBPART S - PAYMENT OF TAX ON WINE

Sec.

170.451 Scope of subpart.
170.452 General.
170.453 Meaning of terms.
170.454 Penal sum of tax deferral bond, Form 2053: consent of surety.
170.455 Semimonthly returns.
170.456 Proprietor in default; prepayment of tax.
170.457 Prepayment of tax.
170.458 Date of mailing and delivering of returns.

Authority: §§ 170.451 to 170.458 issued under sec. 7805, I.R.C., 68A Stat. 917; 26 U.S.C. 7805. Other statutory provisions interpreted or applied are cited to text in parentheses.

§ 170.451 Scope of subpart.

This subpart provides temporary regulations for payment by proprietors of bonded wine cellars qualified under chapter 51, I.R.C., of the internal revenue taxes imposed on wines, and temporary procedures relating thereto.

§ 170.452 General.

Notwithstanding any other provision of Part 240 of this chapter relating to the payment of taxes on wines by proprietors of bonded wine cellars qualified under chapter 51, I.R.C., such taxes determined, on and after June 24, 1959, shall be paid and collected on the basis of a semimonthly or prepayment return as provided in this subpart.

§ 170.453 Meaning of terms.

When used in this subpart and in forms prescribed under this subpart, where not otherwise distinctly expressed or manifestly incompatible with the intent thereof, terms shall have the meaning ascribed in Part 240 of this chapter.

§ 170.454 Penal sum of tax deferral bond, Form 2053: consent of surety.

Notwithstanding the provisions of § 240.2 and subpart H of Part 240 of this chapter, to the extent that they are inconsistent with the provisions of this section, the provisions of this section shall govern. The maximum penal sum of a tax deferral bond, Form 2053, (or the total penal sums where original and strengthening bonds are filed) shall be not less than an amount equal to the tax on the maximum quantity of wine to be removed for consumption or sale during any semimonthly return period, but shall not be more than $250,000. Where a tax deferral bond (or bonds), Form 2053, in force on June 23, 1959, is not in a sufficient penal sum to meet the requirements of this subpart, a new bond or strengthening bond shall be filed in accordance with the provisions of Part 240 of this chapter. Where a tax deferral bond (or bonds) in force on June 23, 1959, is in a sufficient penal sum, a new bond need not be filed: Provided, That a consent of surety, Form 1533, shall be filed extending the terms of the bond (or bonds) in force on June 23, 1959, to cover transactions after that date. The Form 1533 shall properly identify the bond to which it applies and contain the following statement of purpose:

> To continue in effect said bond (including all extensions or limitations of such terms and conditions previously consented to and approved) on and after June 24, 1959, notwithstanding that the time for deferral of payment of the tax on wine removed for consumption or sale will be changed from a period of one day to a semimonthly period.

(68A Stat. 663; 26 U.S.C. 5354)

Payment of Tax

§ 170.455 Semimonthly returns.

The quantities of wine by taxable grades removed daily for consumption or sale during the period covered by the return and the aggregate quantities thereof, shall be reported on the tax returns, Form 2050, prepared in quadruplicate. All entries in the return shall be fully supported by accurate and complete records satisfactory to the assistant regional commissioner. The proprietor shall include for payment on his return, Form 2050, the full amount of tax required to be determined (and not prepaid) on all wine removed daily from the bonded wine cellar premises (or transferred to a taxpaid room on the premises) for consumption or sale during the period covered by the return. Prepayments of tax on wine during the period covered by the return shall be separately shown thereon. The proprietor shall file a tax return, Form 2050, with remittance for the full amount of tax due, semimonthly, covering the period from the 9th day of a month through the 23rd day of the same month and the period from the 24th day of a month through the 8th day of the next succeeding month. The tax return shall be filed not later than the close of the 3rd calendar day next succeeding the 8th or 23rd calendar day of the month, as the case may be, excluding any Saturday, Sunday, or legal holiday of the District of Columbia or any statewide legal holiday of the State in which the return is required to be filed: Provided, That the return for the period ending on June 23rd of each year shall be filed not later than the close of the 2nd next succeeding calendar day after June 23rd, excluding any Saturday, Sunday, or a legal holiday of the District of Columbia or a statewide legal holiday of the particular State in which the return is required to be filed. A return shall be filed covering each return period even though no wine was removed for consumption or sale during the period.

§ 170.456 Proprietor in default; prepayment of tax.

Where a check or money order tendered in payment of taxes on wine is not paid on presentment, or where the proprietor is otherwise in default in payment of tax under § 170.455, no wine shall be removed for consumption or sale until the tax has been paid as provided in § 170.457, for the period of such default and until the assistant regional commissioner finds the revenue will not be jeopardized by payment of tax as provided in § 170.455. Any remittance made during the period of such default shall be in cash or in the form of a certified, cashier's, or treasurer's check drawn on any bank or trust company incorporated under the laws of the United States, or under the laws of any State, Territory, or possession of the United States, or money order as defined in § 301.6311-1 of this chapter.

§ 170.457 Prepayment of tax.

Where a proprietor is required to prepay tax under § 170.456, or the penal sum of any tax deferral bond, Form 2053, (or the total penal sums where original and strengthening bonds are filed) is insufficient for deferral of payment of tax on wine to be removed for consumption or sale, the proprietor shall, before removal of the wine, file with the district director a wine tax return, Form 2052, with remittance: Provided, That where an approved tax deferral bond is not on file the tax need not be prepaid where the total amount of tax unpaid does not exceed $100. The return, with remittance, shall be filed by forwarding or delivering it to the district director before the wine is removed for consumption or sale. For the purpose of complying with this section, the term "forwarding" shall mean deposit in the United States mail, properly addressed to the district director.

(68A Stat. 614, 777; 26 U.S.C. 5061, 6311)

§ 170.458 Date of mailing and delivering of returns.

Where the return, Form 2052 or Form 2050, as the case may be, and remittance are delivered by United States mail to the office of the district director, the date of the official postmark of the United States Post Office stamped on the cover in which the return and remittance were mailed shall be deemed to be the date of delivery of such return and remittance.