

U. S. TREASURY DEPARTMENT
Internal Revenue Service
Washington 25, D. C.

Alcohol and Tobacco Tax Division
Industry Circular No. 56-22

June 1, 1956

New Regulations Relating to Removals of Alcoholic
Liquors, Tobacco Products, and Other Domestic
Articles to Foreign-Trade Zones

Exporters and others concerned:

1. The purpose of this industry circular is to advise you that new regulations relating to removals of alcoholic liquors, tobacco products, and other domestic articles to foreign-trade zones have been approved and codified in Title 26 (1954), Code of Federal Regulations, Part 253. These new regulations were published in the Federal Register on May 18, 1956 (21 F.R. 3268), and are effective July 1, 1956.

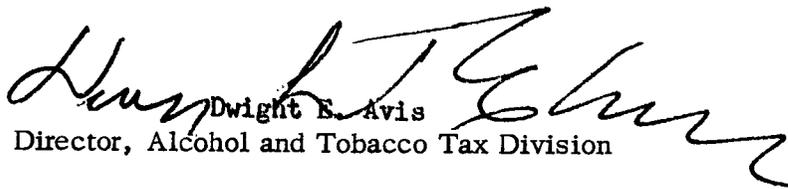
2. The regulations in Part 253 will supersede Regulations 31 (26 CFR (1939) Part 199) to the extent such regulations apply to liquors, flavoring extracts and medicinal or toilet preparations made with taxpaid alcohol, stills, worms, and condensers, tobacco products, and cigarette papers and tubes. The regulations in Part 253 will not supersede the provisions of Regulations 31 applicable to playing cards or the provisions of the last sentence of section 199.1 of Regulations 31, which sentence reads as follows: "Where any person desires to remove to a foreign-trade zone, for exportation, destruction or storage pending exportation, any article of domestic manufacture not defined in this part, which is subject to an excise tax administered by the Bureau of Internal Revenue, the applicable procedural and substantive requirements of the regulations governing the exportation of such article shall govern its removal to a foreign-trade zone."

3. The major changes which 26 CFR Part 253 provides for are:

- a. The procurement of export stamps without charge.
- b. Drawback of tax on taxpaid beer removed to a foreign-trade zone.
- c. Drawback of tax on worms (as well as stills) manufactured for export.
- d. Elimination of the requirement that distilled spirits or alcohol deposited in a foreign-trade zone in tank cars be not less than 180 degrees of proof.
- e. The remission of taxes on wine lost while in transit to a zone.
- f. Filing of a consent of surety on the brewer's bond to cover all withdrawals for transportation to and deposit in a zone for exportation.
- g. Delegation of authority to the assistant regional commissioner to approve applications for the destruction of liquors which are found to be unmerchantable or unfit for export after deposit in a zone.
- h. In conformance with the policy adopted to discontinue individual surety on bonds, the provisions for individual surety have been deleted.

- i. Beer for export without payment of tax may be removed to a zone on filing of a notice by the brewer, provided consent of surety extending the terms of the brewer's bond to include transportation to and deposit in a zone is on file.
- j. Denatured alcohol may be removed for deposit in a zone without supervision of a storekeeper-gauger.
- k. Tobacco products and cigarette papers and tubes may be removed and deposited in a zone on filing of a notice of removal (new Form 2149 or 2150), provided an extension of coverage on the factory or warehouse bond to cover such removals is furnished.

4. Inquiries in regard to this industry circular should refer to the number thereof and should be directed to the Assistant Regional Commissioner, Alcohol and Tobacco Tax.


Dwight E. Avis
Director, Alcohol and Tobacco Tax Division

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