INDUSTRY CIRCULAR

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

WASHINGTON 25, D. C.

Industry Circular No. 60-24

June 7, 1960

PROPOSED AMENDMENTS FOR 26 CFR PART 240

Purpose. The purpose of this industry circular is to acquaint you with some of the important changes proposed to be made in regulations in 26 CFR Part 240 that you should know in order for your operations to be in compliance with the law and the regulations. Such changes are proposed to be effective July 1, 1960. They are briefly described below:

Form 2621, Record of Bottled Wine. Each proprietor of a bonded wine cellar who bottles wine in bond, or receives bottled wine in bond, would be required to maintain a record on Form 2621 of the quantities of wine bottled, received, and disposed of. Champagne in bottles is not recorded on Form 2621 until the process is complete.

The inventory of wine on hand close of business June 30, 1960, should be the first item recorded on Form 2621 on July 1, 1960. The inventory should be recorded in section I and identified in column (a) as "O/H 7/1/60". Such inventory should agree with Form 702-C, Inventory of Wine, for all bottled wine on hand close of business June 30, 1960, except as to bottles of unfinished champagne.

The remarks column is provided for any notations that may be necessary to clarify entries of inventory overages or shortages, losses due to breakage, etc. For example: "Column (o) includes accidental breakage of 2.4 gallons and storage loss of 5.0 gallons" or "column (l) includes accidental breakage of 4.8 gallons and inventory shortage of 10.0 gallons". This column may also be used for entering results of carbon dioxide determinations. Except where such clarifying notations are necessary, entries in this column are not required.

Form 2621 will not be furnished by the Government. Accordingly, you should arrange with commercial printers to have a supply of the form printed for you. Sample copies of Form 2621 may be secured from the office of your assistant regional commissioner.

When authorized by the assistant regional commissioner, commercial records which contain all of the required information in a form permitting ready examination by internal revenue officers may be used as a substitute for Form 2621.

Export. Provisions in respect of the removal of wine for export, supplies on vessels and aircraft, and for deposit in a foreign-trade zone or customs manufacturing bonded warehouse have been deleted. Such provisions are being revised and will be incorporated in proposed 26 CFR Part 252 to be effective July 1, 1960.

Taxpaid Removals from Bond and Taxpaid Room Records. The proposed regulations would permit omission of the names and addresses of persons who are not trade buyers.

List of Stockholders, Officers, and Directors. Provisions in respect of filing a list of stockholders, officers, and directors on May 1, of each year are deleted. Proposed regulations would require an initial list of the ten persons having the largest stock ownership and of the officers and directors. You would be required to notify the assistant regional commissioner, within the ten days after a change in such stockholders, officers or directors.

Preparation and Disposition of Form 257. The proposed regulations would delete all instructions concerning the preparation and disposition of Form 257. Such instructions are printed on Form 257 (Rev. 7-1-60). Revised Form 257, when executed and approved, will permit withdrawals of wine spirits from the distilled spirits plant whether from the production facility or storage facility, or both.

Form 698 Supplemental. The proposed regulations would require that Form 698 Supplemental be filed, in triplicate, with the Director, Alcohol and Tobacco Tax Division.

Other Proposed Changes. The proposed regulations would also include provisions regarding withdrawal and use of distillates containing aldehydes, acid reduction, and the semimonthly tax return system. The proposed regulations would also revise provisions in respect of acid reduction, conversion of effervescent wine, serial numbers on cases, manufacture of vermouth, refermentation of wine or wine lees, and government offices. In addition numerous changes in terminology are proposed to conform with 26 CFR Part 201.

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).

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