

Industry Circular

US Treasury Department



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Internal Revenue Service

Alcohol and Tobacco Tax Division
Washington, D.C. 20224

Industry Circular No. 68-18

June 20, 1968

PROPOSED AMENDMENT OF 26 CFR PART 245, BEER

Brewers and others concerned:

Purpose. This circular is issued to inform you of some of the more significant changes that are proposed to be made in 26 CFR Part 245, Beer, by a notice of proposed rule making that was published in the Federal Register of June 7, 1968.

Brewer's notice. Present regulations provide that a brewer shall file a new and complete notice, superseding those previously filed, once every four years, to be effective on the effective date of renewal of the brewer's bond. Under the proposed rule making, the periodic 4-year filing provision is retained, but the amended regulations would provide that certain corporate documents and papers, if already on file as a part of a previously filed and approved Form 27-C and reflecting current data, may be incorporated in, and be made a part of, the new and complete notice. Also, encumbrances on brewery equipment held by the manufacturer of the equipment or his franchised distributor would not need to be reported in the brewer's notice. Form 27-C would be appropriately revised to reflect these changes.

Meters. Emergency procedures would be provided to enable a brewer to continue operations when a beer meter becomes inaccurate or inoperative. However, a brewer would be expected to make every reasonable effort to contact his Assistant Regional Commissioner or to otherwise obtain the services of an inspector before continuing his operations under an emergency procedure. In any case, the brewer would be required to determine and record the quantity of beer transferred other than through a properly operating meter, to terminate emergency operations as soon as is practical and, if emergency operations are initiated without knowledge of the Assistant Regional Commissioner, to notify him promptly of the circumstances and the action taken.

Marks and labels. The marking and labeling provisions for keg and bottled beer would be liberalized to permit brewers owning more than one brewery the option of showing the place of production on a label by a system of coding or marking, satisfactory to the Assistant Regional Commissioner, which would permit internal revenue officers to readily identify the particular brewery at which the beer was produced. The revised regulations would also provide liberalized label requirements for short-fill bottles sold to employees.

Beer removed from market. The requirement for the filing of a written notice when taxpaid beer removed from the market is to be returned to stock, reconditioned,

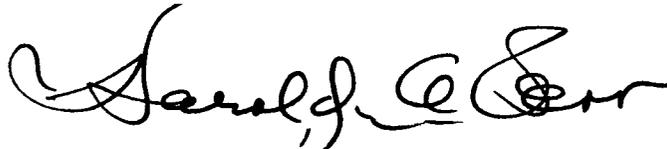
used as material, or destroyed at the brewery would be removed. The requirement for a prior written notice when taxpaid beer removed from the market is to be destroyed away from the brewery would be retained. However, notwithstanding the removal of the above-mentioned provisions, the regulations would provide authority for the Assistant Regional Commissioner to require prior notice of the disposition of any beer removed from the market when in his judgment such notice is necessary.

Experimental breweries. The revised regulations would provide for the establishment of experimental breweries to be operated by brewers or persons associated with the brewing industry. Such breweries would be used for research, analytical, experimental, or developmental purposes in connection with the processes by which beer is brewed, packaged, and stored; the materials used in the various brewing activities; and the by-products derived from the brewing processes.

Form 103. In connection with the revision of the regulations, Part II of Form 103, Brewer's Monthly Report of Operations, would be revised to require that only the quantities of materials used in the production of beer and cereal beverage be reported. A brewer receiving from another brewery wort or wort concentrate and using it in the production of beer or cereal beverage would include in Part II of Form 103 the quantities of the various materials used in originally producing the quantity of wort or wort concentrate reported used. This would be necessary so that the correct quantities of grain and other materials used in the production of beer and cereal beverage would be reported for statistical purposes.

The instructions on Form 103 are being revised to show the proper method for making adjusting entries necessitated by adjustments made on Form 203⁴, Beer Tax Return (as explained in Industry Circular 67-9, dated July 26, 1967, and Revenue Procedure 67-30 [I.R.B. 1967-30, 20]).

Inquiries. Inquiries regarding this circular should refer to its number and be addressed to your Assistant Regional Commissioner, Alcohol and Tobacco Tax.



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