Department of the Treasury

Industry Circular

Internal Revenue Service
Alcohol, Tobacco and Firearms Division
Washington, D.C. 20224

Industry Circular No. 72-11 April 24, 1972

Amendments to 27 CFR Part 4
and 26 CFR Part 240

Proprietors of bonded wine cellars
and others concerned:

1. Purpose. This circular is issued to inform you of the changes being made in 27 CFR Part 4, Labeling and Advertising of Wine, and 26 CFR Part 240, Wine, by Treasury Decisions 7185 and 7184, which were published in the Federal Register for April 22, 1972, and which will become effective June 1, 1972. The changes made are discussed below:

27 CFR Part 4

2. Section 4.10(h). As amended, § 4.10(h) permits "vintage wine" to have a maximum of 5 percent of other wines added to it to replace wine lost by evaparation and leakage during the aging period; and deletes the prior requirement that "vintage wine" be fermented within the viticultural area in which the grapes were grown in order to be eligible for an appellation of origin.

3. Sections 4.21(b). As amended, § 4.21(b) permits the production of "crackling wine" and other similar wines by fermentation in bulk and the wine so produced shall be labeled: " crackling wine - bulk process".

4. Section 4.22(c)(7). A new § 4.22(c)(7) has been added which permits the use of carbon dioxide as a counterpressure when transferring finished sparkling wine from (1) bulk processing tanks to bottles; and ~~(2)~~ bottle to bottle: Provided, That the carbon dioxide content of the finished wine is not increased by more than 0.009 gram per 100 milliliters during the transfer operation.

5. Section 4.25(a). As amended, § 4.25(a) deletes the prior requirement that the fruit must be fermented in the place or region (viticultural area) where grown in order for the wine to be eligible for an appellation of origin.

6. Section 4.35(a)(1). As amended, § 4.35(a)(1) deletes the prior requirement that "Crushing the grapes or other materials" be a prerequisite for using the phrase "Produced and bottled by" or "Produced and packed by" on labels.

7. Section 4.38(d). As amended, § 4.38(d) permits a label to extend over the mouth of a wine bottle.

8. Section 4.39(b)(2). As amended, § 4.39(b)(2) deletes the prior restriction that the "year of vintage" may be stated only if the container from which such wine is bottled is the original container of the permittee who produced the wine.

9. Section 4.72(a). As amended, § 4.72(a) permits bottles of 4/5 gallon, 2/5 gallon, and ½ pint to be of any shape desired by the bottler.

26 CFR Part 240

10. Section 240.510. As amended, § 240.510 permits the use of carbon dioxide as a counterpressure when transferring finished sparkling wine from (1) bulk processing tanks to bottles; and (2) bottle to bottle: Provided, That the carbon dioxide content of the finished wine is not increased by more than 0.009 gram per 100 milliliters during the transfer operation. (Note: The use of carbon dioxide under this section constitutes a change in process and a rider to previously approved formulas is required by 26 CFR 240.513(b). A revenue procedure will be published specifying the procedure to be followed. Pending the publication of that revenue procedure, proprietors will follow the procedure specified in item 13. below.)

11. Section 240.511. As amended, § 240.511 deletes the prior requirement that carbon dioxide containers are to be stored in a specific portion of the bonded wine cellar premises.

12. Section 240.1051. As amended, § 240.1051 adds the new use and reference or limitation for carbon dioxide as authorized by 26 CFR 240.510.

13. Rider Procedure. Proprietors who intend to use carbon dioxide under the provisions of 26 CFR 240.510 shall file one rider covering all previously approved Forms 698-Supplemented Formula and Process for Wine, that are involved. The rider shall be filed, in triplicate, with the Director, and shall specify:

(a) Name and registry number;

(b) Carbon dioxide will be used as a counterpressure in accordance with 26 CFR 240.510;

(c) Number of each formula;

(d) Date of approval of each formula; and

(e) Name of each product.

The rider shall be signed and processed in the same manner as the original formulas.

14. Inquiries. Inquiries regarding this Industry Circular should refer to its number and be addressed to your Assistant Regional Commissioner, Alcohol, Tobacco and Firearms.

Rex D. Davis

Rex D. Davis, Director
Alcohol, Tobacco and Firearms Division