



INDUSTRY CIRCULAR

DEPARTMENT OF
THE TREASURY

Bureau of Alcohol, Tobacco and Firearms

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PACKAGE IDENTIFICATION
RECORDS AND REPORTS, T.D. ATF-4

Proprietors of distilled spirits plants,
and others concerned:

Purpose. This circular is issued to provide you with information necessary to implement the provisions of Treasury Decision ATF-4, amending 26 CFR Part 201, Distilled Spirits Plants, (published in the Federal Register to be effective July 1, 1973). For details as to the actual changes being made by this major regulatory amendment, and the reasons for the changes, refer to the Treasury decision itself (copy of Federal Register in which published is attached) which has a new and more detailed introduction to provide you with this sort of information.

Background. Basically, Treasury Decision ATF-4 prescribes a new identification system for packages of distilled spirits and simplifies and liberalizes requirements for records and reports covering production and warehousing of distilled spirits. In order to implement the changes made by the Treasury decision, it was necessary to revise most of the transaction forms covering production and warehousing operations. Many have a new size, 8 by 14 inches, and many have changed in style of preparation and functional use. Their use is described below following a discussion of the new package identification system, and the manner in which recorded quantities of packaged spirits in bond prior to the effective date (July 1, 1973) of the Treasury decision should be adjusted.

Package identification and adjustment of recorded quantities of packaged spirits in bond prior to July 1, 1973.

(1) Lot identification. It is our intention that under the new package identification system, proprietors whose history of compliance, record keeping systems, operations, etc. are such that the requirement for individual package serial numbers may be waived without jeopardizing the revenue or causing administrative difficulties, need show only a single number on all packages constituting a lot and on transaction forms covering the packages. Proprietors wishing to avail themselves of this privilege should apply (in duplicate) for waiver of the requirement for assigning individual package serial numbers by the Regional Director. Unless the requirement for serial numbering has been waived by the Regional Director, the new package identification number will consist of both a lot identification number and a serial number. Even though the requirement for serially numbering packages may have been waived, there are circumstances under which specific package identification may be required. Therefore, proprietors should note the requirements for, and method of, serially numbering packages as provided in 26 CFR 201.513a(c).

(2) Conversion of records. The lot identification system is based on the use of uniform fill or "rated capacity" of containers. It will be necessary, therefore, to convert quantities for each container shown on warehouse records to "lots" of containers of similar capacity, with an average quantity reported for each package within a lot. Industry members should follow carefully the provisions of 26 CFR 201.513a and 201.628a in converting to total tax gallons of record in basic seasonal accounts. Particular attention should be given to the construction of lot identification numbers for use on forms covering transactions occurring on and after July 1, 1973, which involve packages filled prior to July 1, 1973. If the record contents of the various packages within the account differ substantially, the packages must be separated into two or more lots, as necessary (in accordance with 26 CFR 201.628a(a)). For purposes of

establishing lots as to spirits stored in packages as of July 1, 1973, packages which vary not more than ten percent in recorded quantity should normally be considered as fungible. However, Regional Directors may require less quantity differences (e.g. metal drums) or allow a slightly higher percentage of difference based on specific circumstances at a particular plant.

Revised forms.

(1) Form 179. The basic purpose of Form 179 is unchanged. However, the format of the June 1973 revision is changed considerably. The assigned officer's statement of gauge and certificate of tax determination have been combined in Part II. The proprietor's statement of warehouse losses, withdrawals, and removals have been combined in Part III. This rearrangement will reduce the number of times the form must be handled and signed. 26 CFR 201.371, as amended, requires that Form 179 be noted by the proprietor of the bonded premises to identify spirits treated with oak chips; so space has been added for this entry. Entries are required to identify other related records affected by the transaction. Detailed instructions for its preparation and disposition appear on the Form.

(2) Form 206. The basic purpose of Form 206 is unchanged. The June 1973 revision contains clarifying changes and provides for container identification conforming to the amended regulations. In addition to updating it relative to ATF organizational structure, the term "Director of Customs" has been corrected to "District Director of Customs". Entries are required to identify other related records affected by the transaction (see item 16, Part II).

(3) Form 236. The basic purpose of and information to be shown on Form 236 are unchanged. The June 1973 revision eliminates as a separate part of the Form the certification of removal. The declaration in Part I preceding the signature includes this certification. The use of Form 1620 with the Form 236 is discontinued, and Form 2630 will normally be used to support it only if packages are to be weighed at the time of shipment. Space for entry respecting spirits transferred from customs custody has been provided. This entry on Form 236 will eliminate the need for Customs Form 6001, Report of Weight, Gauge or Measure of Imported Spirits. Other changes are made to provide information related to changes in warehouse accounting and information previously reflected in support forms. Entries are required to identify other related records affected by the transaction (see items 4 and 5, Part I).

(4) Form 338. The June 1973 revision is for the purpose of reflecting in the instructions the change made by regulations for submission (by proprietors of distilled spirits plants) by the 15th, rather than by the 10th, day of a month, and to update the form relative to ATF organizational structure. Note that supplies on hand may continue to be used.

(5) Form 1515. Form 1515, Distilled Spirits Bottled in Bond, as revised June 1973, is now a notice rather than an application. An additional copy of the form serves as the notice to the assigned officer and takes the place of the list of the package serial numbers presently so furnished. Part I of the form now contains the description of the spirits, and report of gauge and losses. Part III of the form is the record of disposition of all spirits bottled (and recorded in Part II). Dispositions shall be entered daily and shall be identified as to date of removal, quantity removed, and the form number and serial number of each transaction form. Remnant cases removed to storage will be shown in Part III. When returned to bottling facilities, they will be identified in Part I of the form covering the current transaction. Note particularly the instructions on the form and 26 CFR 201.322, 201.336, 201.338, 201.340, and 201.343.

(6) Form 1615. Form 1615, Semimonthly Report of Tax Due on Samples of Distilled Spirits, revised June 1973, will be prepared as a report by the proprietor (rather than as a record by the assigned officer). If the proprietor is not qualified to defer taxpayment, the serial number of the Form 2521 on which the tax was prepaid shall be shown on the Form 1615. Note particularly the instructions on the form and 26 CFR 201.606 and 201.631a.

(7) Form 1621. Form 1621, Summary of Deposits and Withdrawals at Bonded Warehouse, revised June 1973, continues to be the basic summary warehouse account for all spirits in packages and in cases; and for spirits of 190 degrees or more of proof in tanks, including entries for losses determined on monthly inventory. (Note that Forms 1685 and 2323 now serve as the basic warehouse account for spirits of less than 190 degrees of proof deposited in or transferred between warehouse tanks; they will not be recorded on Form 1621 for this purpose.) It will be necessary to adjust the individual package accounts for packages in storage on June 30, 1973, incidental or prior to the first transaction on or after July 1, 1973. To do so, the total tax gallons for packages within a seasonal account should be determined as provided in 26 CFR 201.628a(d) and the quantity determined should be recorded on the Form 1621 covering the account (and on the related deposit record on Form 2630). Also on receipt of packages transferred in bond on the basis of individual package capacity and which are eligible for inclusion in an account in which packages are on deposit, the total tax gallons received shall be adjusted by the receiving proprietor on the basis of average tax gallons of record for packages already on deposit. Note particularly 26 CFR 201.628a and 201.629. Summary accounts will continue to be maintained on Form 1621 in much the same manner as at present and will include summary accounts for bulk spirits of less than 190 proof.

(8) Form 1685. Form 1685, revised June 1973, Blending of Rums and Brandies in Bond, will now serve as the basic warehouse account for all beverage rum and brandy in tanks in the storage facility. Like Form 2323, Part III of this form becomes the record of dispositions of the blended rums or brandies and must contain daily entries for each disposition, showing the date, the number and serial number of the related transaction form, and the tax gallons. Note instructions on the form and 26 CFR 201.291, 201.307, 201.308, 201.622, 201.627, 201.628, and 201.629(c).

(9) Form 2323. Form 2323, revised June 1973, Deposit, Transfer between Tanks, or Mingling of Distilled Spirits in Bond, will now serve as the basic warehouse account for all distilled spirits in tanks (except spirits of 190 degrees or more of proof or beverage rum and brandy; or heterogeneous spirits and other spirits dumped for immediate removal to bottling premises) on storage facilities. A separate Form 2323 (in triplicate) will be prepared, as a report, for each lot of spirits (1) received by transfer in bond and deposited in an empty tank, (2) deposited from production into an empty tank, and (3) transferred from one tank to an empty tank on the storage facility. It will be similarly prepared as a notice if spirits are to be mingled. Thus, each addition of spirits to a tank triggers the preparation of a new set of Forms 2323, but removals from the tank do not (however, prior to or coincidental with the first transaction on or after July 1, 1973, even though it is a withdrawal, a Form 2323 must be prepared). Part III of the form is the record of dispositions. Daily entries shall be made for each disposition, showing the date, the number and serial number of the related transaction form, and the proof gallons. Any spirits remaining in the tank at the time additional spirits are deposited therein will be shown in Part I of the new Form 2323 being prepared and that form will be identified in Part III of the Form 2323 being closed out. Note particularly the instructions on the form and 26 CFR 201.291, 201.302, 201.304, 201.627(b), 201.628, and 201.629(c).

(10) Form 2629. Form 2629, Gauge Report, revised June 1973, will continue to be used as a report for:

- (1) Production gauge and entry for deposit, for spirits deposited for storage at producing plant;
- (2) Packaging of spirits from storage tank for further storage at same plant;
- (3) Gauge and return of untaxpaid spirits and denatured spirits to bonded premises; and
- (4) Gauge of imported spirits received from customs custody, for use of the United States.

It will continue to be used, but as a notice rather than as a report for:

- (1) Gauge and transfer of spirits, rinse water, or denatured spirits from warehouse to distillery of same plant for redistillation; and
- (2) Gauge and removal of wine spirits from distillery or bonded warehouse.

In addition, it will be used as a report for return of bottled-in-bond spirits (including remnant cases) from bottling in bond facilities to bonded storage; and as a notice for packaged spirits of 190 degrees or more of proof, dumped for mingling. It will no longer be used for the gauge and transfer of spirits (under 190° proof) from one warehouse tank to another (see paragraph relative to Form 2323). When used as the production gauge report and entry for deposit of packages at same plant, it will no longer be supported by a Form 2630. Note particularly the instructions on the Form and 26 CFR 201.269, 201.271, 201.294, 201.302, 201.336, 201.338, 201.370, 201.387, and 201.587.

(11) Form 2630. The use of Form 2630, Package Gauge Report, revised June 1973, has been greatly reduced. It will no longer be used for (1) the gauge of spirits returned to bonded premises, (2) production gauge for barrels, drums, or similar portable containers entered for deposit in storage facilities at the same plant, (3) transfer of wine spirits on original production gauge, (4) transfer in bond of spirits which are to be withdrawn on determination of tax on original gauge, (5) other transfers in bond not involving packages weighed at the time of shipment (but if no Form 2630 accompanies the shipment for packages, the consignee proprietor must, if the packages are required to be weighed, prepare a list showing the package identification number of each package and its receiving weight for attachment to Forms 236). Where individual package gauge is required, Form 2630 will continue to be prepared, in accordance with the instructions on related transaction forms or contained in regulations. Notwithstanding the instructions on Form 2629 with respect to preparation of documents describing spirits in packages, Form 2630 should be prepared as provided on Form 257, for removal of wine spirits in packages. See particularly instructions on Form 179 and 26 CFR 201.368(b), 201.369, 201.373, and 201.387.

Forms discontinued. Forms 1620, Filled Case Report, 2632, Daily Report of Withdrawals after Tax Determination, and 2636, Daily Report of Transactions, will become obsolete as of July 1, 1973. In the case of Form 1620, essential information previously shown on that form will be included on the applicable transaction form or on the Form 2629 or 1515, as appropriate. The report, identified as "Daily Memorandum Report of Spirits Bottled," is also discontinued (see 26 CFR 201.624). The information on these daily reports is either no longer needed or is otherwise available by reason of changes with respect to information required to be shown on other forms.

Distribution and use of revised forms. Your Regional Director will furnish you with an initial supply of the June 1973 revision of the forms identified above as soon as they become available. With the exception of Form 338, only the June 1973 revision will be used on and after July 1, 1973.

"Kind of Spirits" as used in § 201.517a. This section refers to "kind of spirits" in connection with entries on transaction forms and records, but provides abbreviations for kinds of spirits in some cases and for classes and types of spirits in others. It is not intended by the language of this section that separate records are to be maintained as to each product listed. Any breakdown as to kinds of products will be as provided in Subpart U-- Records and Reports, and as necessary for statistical purposes. An ATF ruling will be published on this subject in the near future.

Inquiries. Inquiries regarding this circular should refer to its number and be addressed to your Regional Director, Bureau of Alcohol, Tobacco and Firearms.

Rex D. Davis

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Director