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INDUSTRY CIRCULAR

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

WASHINGTON, D. C. 20224

Industry Circular No. 65-32

November 4, 1965

DETERMINATION OF PRODUCTION OF CASE AND KEG BEER

Brewers and others concerned:

Purpose. This circular is issued to inform you of the provisions of Revenue Ruling 65-247, which is being published in Internal Revenue Bulletin No. 44, on November 1, 1965.

Substance of Ruling. 26 CFR 245.225 requires, among other things, that a brewer shall accurately record all beer bottled and racked, and that he shall maintain a record reflecting shortages and overages of beer disclosed by physical inventories taken at least once each calendar month. The Revenue Ruling holds that these record requirements would not be met by a brewer who records balancing figures computed from end-of-day inventories and records of removals, consumption, and breakage, since any determination made by such method would be automatically adjusted for any shortages or overages of case or keg beer, and therefore be erroneous by the amounts of any such shortages or overages. The Revenue Ruling further holds that brewers must make an independent determination of the actual quantities of beer bottled and racked, and that such determination must be reflected in the required records. This determination may be accomplished by physical count, by mechanical or electronic counters, or by other suitable methods approved by the Assistant Regional Commissioner.

Inquiries. Inquiries regarding this 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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