

INDUSTRY CIRCULAR

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



WASHINGTON, D. C. 20224

Industry Circular No. 66-20

October 6, 1966

SUBMISSION OF FORM 698-SUPPLEMENTAL, FORMULA AND PROCESS FOR WINE

Proprietors of bonded wine cellars
and others concerned:

The purpose of this Industry Circular is to remind proprietors of bonded wine cellars and others concerned of the provisions of 26 CFR Part 240, relating to the filing of Form 698-Supplemental, Formula and Process for Wine. From time to time we receive formulas which do not contain the information required by regulations and instructions on the form. This often necessitates correspondence and delay in approval. The following items are those most often found incomplete or omitted and which should therefore be given careful attention when formulas are prepared for submission:

1. Special natural wine is a flavored wine made from a base of natural wine. Therefore, the formula should indicate that natural wine is the base ingredient. (26 CFR 240.440.)
2. Acids may be used in the production of special natural wines and sparkling wines. However, the formula should specify quantities of each acid used and at what point in the process it will be used. (Fermentation, stabilization, dosage, etc.) (26 CFR 240.512 and 240.526.) The use of acids may be stated optionally with a statement that the acids will not exceed a maximum quantity. Such quantity of each acid to be used should be stated in grams per hundred milliliters.
3. Treatment of special natural wine with materials which do not remain incorporated in the wine may be covered by a general statement in the formula assuring that such treatment will not exceed regulatory limitations and that the wine will remain in the standard wine category.
4. Forms 698-Supplemental should be serially numbered in sequence to the last formula filed whether it was approved

or disapproved or is pending. (Instructions on Form 698-Supplemental.)

- 5. Where Form 698-Supplemental specifies, as an ingredient, an essence manufactured under a separate formula pursuant to a Form 698-Supplemental, the essence is required to be identified by its formula number. (26 CFR 240.446.) Where such essence is manufactured elsewhere it should be identified by the name and address of the manufacturer, the manufacturer's nonbeverage drawback formula number, if any, and the date of approval by the Director, Alcohol and Tobacco Tax Division. (26 CFR 240.447.)
- 6. Formulas for sparkling wine must specify whether the sparkling wine will be bottle-fermented or produced by the bulk process. (26 CFR 240.513.)
- 7. Formulas for sparkling wine must state the approximate period of time required to complete production. (26 CFR 240.513.)

At the time of filing a formula for special natural wine, two 4/5 quart samples of the base wine and two 4/5 quart samples of the finished special natural wine should be submitted under separate cover. Samples are not required in connection with formulas for sparkling wines, Flor Sherry, still wines made from agricultural products and dried fruits and berries, or high fermentation wines.

Inquiries in connection with this Industry Circular should be addressed to the Director, Alcohol and Tobacco Tax Division, Internal Revenue Service, Washington, D. C. 20224, Attention: CP:AT:P.

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STAFF	_____
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CHGO	<u>5846</u>
ST.L	<u>28</u>
ST.P	<u>11</u>
DATE	OCT 11 1966

Harold A. Serr

Harold A. Serr
Director, Alcohol and Tobacco Tax Division

Received 175:
Bonded Wine Cellars
Special Mailing List - BWC's
6500
Mr. Watson (4 copies)
Extra copies to Library

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