

INDUSTRY CIRCULAR

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



WASHINGTON, D. C. 20224

Industry Circular No. 66-22

December 23, 1966

ACTIVITIES ON BONDED WINE CELLAR PREMISES

Proprietors of bonded wine cellars
and others concerned:

Purpose. This industry circular is issued to call to your attention certain provisions of 26 CFR Part 240 about which there has been some misunderstanding. Questions have been raised as to whether heavy bodied blending wine and Spanish type blending sherry may be transferred in bond; what records are required when wine is baked; and whether the regulations authorize the production and storage of juice or concentrated juice for use in the production of wine on bonded wine cellar premises.

Transfers in bond. Under the provisions of section 240.610, wine may be transferred in bond between bonded wine cellars. The definition of "wine" in section 240.54 includes heavy bodied blending wine and Spanish type blending sherry. Accordingly, heavy bodied blending wine and Spanish type blending sherry may be transferred in bond between wine cellars under the authority contained in section 240.610.

Record of wine baked. Each winemaker who bakes wine must, under section 240.384, maintain a record of the baking, showing the information required by section 240.919. The regulations do not require two separate records of the baking of wine, one under section 240.384 and another under section 240.919. If a winemaker maintains the information required by section 240.919 in his cellar records pursuant to section 240.384, such cellar records would also fulfill the requirements of section 240.919.

Use of juice or concentrated juice in the production of wine. Section 240.130 authorizes the use of bonded wine cellar premises for the production, blending, cellar treatment, storage, bottling, packaging, and removal of wine, and for the production, receipt, or storage on the bonded wine cellar premises of materials authorized for use in the production and cellar treatment of wine. Since the preparation and use of juice and concentrated juice in natural wine is an authorized cellar treatment, there is no bar to the production, receipt, or storage of such products on bonded wine cellar premises.

Regulations. In the next general revision of 26 CFR Part 240 consideration will be given to changes which will more clearly set out the provisions discussed above.

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

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