Department of the Treasury

Industry Circular

Internal Revenue Service
Alcohol, Tobacco, and Firearms Division
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REDESIGNATION OF "GRAIN SPIRITS" AND "SPIRITS GRAIN"

Proprietors of distilled spirits plants
and others concerned:

A revenue procedure dealing with the redesignation of products currently designated as "Grain spirits" or "Spirits grain" will soon appear in the Internal Revenue Bulletin. The procedure will read as follows:

SECTION 1. PURPOSES.

The purposes of this Revenue Procedure are: (1) to remind proprietors that as of July 1, 1972, spirits distilled from grain at less than 190° proof may no longer be designated as "Grain spirits" or "Spirits grain"; and (2) to prescribe procedures to be followed in connection with the redesignation of such spirits.

SEC. 2. BACKGROUND.

The last sentence of 26 CFR 201.517(a)(3) states that the designations "Grain spirits" and "Spirits grain" may not be applied, on or after July 1, 1972, to spirits distilled from grain at less than 190° proof. The reason for this restriction is that beginning on that date the term "Grain spirits" may only be applied to neutral spirits distilled at or above 190° proof from a fermented mash of grain and stored in oak containers, as provided in 27 CFR 5.22(a)(2). Consequently, all products currently designated as "Grain spirits" or "Spirits grain" in accordance with 26 CFR 201.517(a)(3) must be given a change of designation on or before July 1, 1972.

SEC. 3. CHANGE OF DESIGNATION.

In 26 CFR 201.517(b) it is provided that "A proprietor may, on written application (in triplicate) to, and approval of the assistant regional commissioner, change the original designation for spirits at any time, before their withdrawal from bonded premises, to a new designation properly describing the spirits in accordance with the provisions of this section." It follows that proprietors should select an appropriate change of designation, meeting the requirements of 26 CFR 201.517(a), for their "Grain spirits" and "Spirits grain" distilled from grain at less than 190° proof.

SEC. 4. FORMS 2607 AND 27-B SUPPLEMENTAL.

.01 If a proprietor has indicated on his Statement of Process furnished with Form 2607, Registration of Distilled Spirits Plant, that he may distill "Grain spirits" or "Spirits grain" at less than 190° proof, he must file an application to amend his registration, as provided in 26 CFR 201.170, either eliminating such spirits from his Statement of Process, or giving the change of designation for such spirits which has been approved by his assistant regional commissioner.

.02 If a proprietor has indicated on Form 27-B Supplemental, Formula and Process for Rectified Products, that he may use in rectification "Grain spirits" or "Spirits grain" distilled at less than 190° proof, he must file a rider to his Form 27-B

Sec. 4--Cont.

Supplemental, as provided in 26 CFR 201.425, giving the change of designation for such spirits which has been approved by his assistant regional commissioner.

SEC. 5. PACKAGES IN BONDED STORAGE.

Packages remaining in bonded storage which are marked "Grain spirits" or "Spirits grain" as permitted by 26 CFR 201.517(a)(3) before July 1, 1972, will not have to be re-marked. But packages filled after a change of designation has been approved should be marked with the new designation. This procedure should not lead to confusion with the product which 27 CFR 5.22(a)(2) permits to be labeled "Grain spirits" after July 1, 1972, since this product must be designated as "Neutral spirits - grain" while in bonded storage. (See Revenue Ruling 68-121, C.B. 1968-1, 583.)

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

John L. West

John L. West, Acting Director
Alcohol, Tobacco and Firearms Division