INDUSTRY CIRCULAR

DEPARTMENT OF THE TREASURY
Bureau of Alcohol, Tobacco and Firearms
Washington, D.C. 20226

Number: 73-8 Date: May 4, 1973

ROTATION OF WINES AT RETAIL PREMISES

Proprietors of Distilled Spirits Plants, Bonded Wine Cellars, Taxpaid Bottling Houses, Importers, Wholesale Liquor Dealers, and others concerned:

The purpose of this circular is to inform you of an ATF ruling which will appear in an early issue of the ATF Bulletin. The ruling will permit wine suppliers to rotate wines at retail premises under certain conditions. The ruling will read as follows:

> The Director, Bureau of Alcohol, Tobacco and Firearms, has been asked the conditions under which wine suppliers may rotate bottled wines on retail dealer premises to assure sale of the oldest stock first.
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> The increase in production and sale of wines, especially low alcoholic content wines having a comparatively short shelf life, as well as a substantial increase in the number of retail outlets handling wines, has necessitated determining whether, for quality control purposes, the foregoing activity could be permitted within the scope of controlling law.
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> The legal requirements regarding unfair competition and unlawful practices in sales of wines by producers or wholesalers are set out in 27 U.S.C. 205(b). Under these requirements it is considered, in effect, unlawful to induce retail dealers to purchase wines to the exclusion in whole or in part of wines sold by others (engaged in interstate or foreign commerce) by reason of furnishing, selling, or giving service or other things of value. There is provision, however, for exceptions including regard for public health, the value of articles involved, and established trade practice not contrary to the public interest.
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> It has been determined that a wine supplier may rotate his brands of wines at retail premises, under the following conditions, without violation of 27 U.S.C. 205(b):
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> 1. Permission must be obtained from the retailer.
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> 2. Only brands of wine sold by the supplier may be rotated.
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> 3. No brands of wine may be returned to the wine supplier by the retailer other than under the exception found in the proviso to 27 U.S.C. 205(d), as further discussed in Revenue Ruling 54-509, C. B. 1954-2, 561, (Internal Revenue).

This ruling shall not apply in any State where State law or regulations prohibit such practices.

Inquiries regarding this circular should refer to its number and be addressed to the Director, Bureau of Alcohol, Tobacco and Firearms, 1111 Constitution Avenue, N. W., Washington, D. C. 20226, Attention: Regulatory Enforcement.

Rex D. Davis

Rex D. Davis
Director