

Alcohol and Tobacco Tax and Trade Bureau, Treasury

§ 19.37

(c) The following is an example of the use of the formula.

BATCH RECORD		Eligible wine (14% alcohol by volume).	2265.0 wine gallons.
		Eligible wine (19% alcohol by volume).	1020.0 wine gallons.
Distilled spirits	2249.1 proof gallons.	Eligible flavors	100.9 proof gallons.
		$\frac{2249.1(\$13.50)+2265.0(\$1.07)+1020(\$1.57)+16.6^1(\$13.50)}{2249.1+100.9+(2265.0 \times .28)+(1020 \times .38)} =$	
		$\frac{\$30,362.85+\$2,423.55+\$1,601.40+\$224.10}{2,350.0+634.2+387.6} =$	
		$\frac{\$34,611.90}{3,371.8} = \$10.27, \text{ the effective tax rate.}$	

¹Proof gallons by which distilled spirits derived from eligible flavors exceed 2½% of the total proof gallons in the batch $(100.9 - (2\frac{1}{2}\%) \times 3,371.8 = 16.6)$.

(Sec. 6, Pub. L. 96-598, 94 Stat. 3488, as amended (26 U.S.C. 5010))
 [T.D. ATF-297, 55 FR 18062, Apr. 30, 1990, as amended by T.D. ATF-307, 52736, Dec. 21, 1990]

§ 19.35 Application of effective tax rate (Actual).

Any proprietor who does not apply effective tax rates to taxable removals in accordance with § 19.36, 19.37 or 19.38 shall establish an effective tax rate for each batch of distilled spirits in the processing account on which credit against tax is desired for alcohol derived from eligible wine or eligible flavors. The effective tax rate will be computed in accordance with § 19.34 and will be recorded on the dump or batch record for the product, as required by § 19.748. The serial numbers of the cases removed at such rate shall be recorded on the record of tax determination prescribed in § 19.761 or other related record available for examination by any ATF officer.

(Sec. 807, Pub. L. 96-39, 93 Stat. 284 (26 U.S.C. 5207); Sec. 201, Pub. L. 85-859, 72 Stat. 1356, as amended (26 U.S.C. 5201); Sec 6, Pub. L. 96-598, 94 Stat. 3488, as amended (26 U.S.C. 5010))

§ 19.36 Standard effective tax rate.

(a) The proprietor may establish a permanent standard effective tax rate for any eligible distilled spirits product based on the least quantity and the lowest alcohol content of eligible wine

or eligible flavors used in the manufacture of the product. The permanent standard effective tax rate must equal the highest tax rate applicable to the product. The proprietor shall maintain a permanent record of the standard effective tax rate established for each product in accordance with § 19.765. Whenever the proprietor manufactures a batch of the product with a lesser quantity or lower alcohol content of eligible wine or eligible flavor, he shall keep the cased goods segregated from other completed cases of the same product and shall tax determine the product in accordance with § 19.35.

(b) If the regional director (compliance) finds that the use of this procedure jeopardizes the revenue or causes administrative difficulty, the proprietor shall discontinue the use of the procedure.

(Sec. 807, Pub. L. 96-39, 93 Stat. 284 (26 U.S.C. 5207); Sec. 201, Pub. L. 85-859, 72 Stat. 1356, as amended (26 U.S.C. 5201); Sec. 6, Pub. L. 96-598, 94 Stat. 3488, as amended (26 U.S.C. 5010))

§ 19.37 Average effective tax rate.

(a) The proprietor may establish an average effective tax rate for any eligible distilled spirits product based on the total proof gallons in all batches of the same composition which have been produced during the preceding 6-month period and which have been or will be bottled or packaged, in whole or in part, for domestic consumption. At the