

## Alcohol and Tobacco Tax and Trade Bureau, Treasury

## § 18.3

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AUTHORITY: 26 U.S.C. 5001, 5171-5173, 5178, 5179, 5203, 5351, 5354, 5356, 5511, 5552, 6065, 7805.

SOURCE: T.D. ATF-104, 47 FR 23921, June 2, 1982, unless otherwise noted.

EDITORIAL NOTE: Nomenclature changes to part 18 appear by T.D. ATF-436, 66 FR 5471, 5472, Jan. 19, 2001.

### Subpart A—Scope

#### § 18.1 Scope.

The regulations in this part relate to the qualification and operation (including activities incident thereto) of plants for the manufacture of volatile fruit-flavor concentrate (essence). The regulations in this part apply to the several States of the United States and the District of Columbia.

#### § 18.2 Applicability of law.

Except as specified in 26 U.S.C. 5511, the provisions of 26 U.S.C. Chapter 51 are not applicable to the manufacture, by any process which includes evaporations from the mash or juice of any fruit, of any volatile fruit-flavor concentrate if:

(a) The concentrate, and the mash or juice from which it is produced, contains no more alcohol than is reasonably unavoidable in the manufacture of the concentrate; and

(b) The concentrate is rendered unfit for use as a beverage before removal from the place of manufacture, or (in the case of concentrate which does not exceed 24 percent alcohol by volume) the concentrate is transferred to a bonded wine cellar for use in the production of natural wine; and

(c) The manufacturer of concentrate complies with all requirements for the protection of the revenue with respect to the production, removal, sale, transportation, and use of concentrate, and of the mash or juice from which it is produced, as may be prescribed by this part.

(Sec. 201, Pub. L. 85-859, 72 Stat. 1392, as amended (26 U.S.C. 5511))

#### § 18.3 Unlawful operations.

(a) A manufacturer of concentrate who violates any of the conditions stated in §18.2 is subject to the taxes and penalties otherwise applicable under 26 U.S.C. Chapter 51 in respect to such operations.