the use of oak chips on all transaction records.

(26 U.S.C. 5201)

§ 19.304 Production gauge.
A proprietor must gauge all spirits by determining the quantity and proof as soon as reasonably possible after production is completed. Additional requirements regarding production gauges are found in subpart K of this part.

(26 U.S.C. 5204, 5211)

§ 19.305 Identification of spirits.
Upon completion of the production gauge, the proprietor must identify containers of spirits as provided in subpart S of this part. When the proprietor intends to enter spirits into bonded storage for later packaging in wooden packages, the proprietor may identify the spirits with the designation to which they would be entitled if drawn into wooden packages, followed by the word “Designate,” for example, “Bourbon Whisky Designate.”

(26 U.S.C. 5201, 5206)

§ 19.306 Entry.
(a) Following completion of the production gauge, a proprietor must make the appropriate entry for:

(1) Deposit of the spirits on bonded premises for storage or processing;

(2) Withdrawal of the spirits on determination of tax;

(3) Withdrawal of the spirits free of tax;

(4) Withdrawal of the spirits without payment of tax; or

(5) Transfer of the spirits for redistillation.

(b) A proprietor may use the production gauge as the entry gauge when spirits are:

(1) Deposited for storage or processing at the same distilled spirits plant; or

(2) Entered for redistillation at the same distilled spirits plant.

(c) When spirits are entered for deposit at another distilled spirits plant or are entered for withdrawal or redistillation, the provisions subpart P of this part will apply.

(26 U.S.C. 5211)

§ 19.307 Distillates containing extraneous substances.
(a) Use in production. Distillates that contain substantial quantities of fusel oil, aldehydes, or other extraneous substances may be removed from the distilling system before the production gauge and promptly added to fermenting or distilling material at the distillery where produced.

(b) Use at adjacent bonded wine cellar. Distillates that contain aldehydes may be removed, without payment of tax, to an adjacent bonded wine cellar for use in fermentation of wine to be used as distilling material at the distilled spirits plant from which the distillates were removed. The removal of distillates to an adjacent bonded wine cellar must be done as provided in §19.419. The receipt and use of those distillates must conform to the requirements of part 24 of this chapter.

(26 U.S.C. 5201, 5222, 5373)

RULES FOR CHEMICAL BYPRODUCTS

§ 19.308 Spirits content of chemicals produced.
All chemicals and chemical byproducts produced must be substantially free of spirits before being removed from bonded premises. The spirits content of chemicals to be removed from bonded premises must not exceed 10 percent by volume unless the appropriate TTB officer approves higher limits. A proprietor must test chemicals for spirits content and maintain a record of such tests as required by §19.584.

(26 U.S.C. 5201)

§ 19.309 Disposition of chemicals.
Chemicals that meet the requirements in §19.308 may be removed from bonded premises by pipeline or in containers marked to show the contents. The proprietor must determine the quantities of chemicals removed from bonded premises and keep records of removals as required by §19.586. A TTB officer may take samples of chemicals.

(26 U.S.C. 5201, 5222)

§ 19.310 Wash water.
Water used in washing chemicals to remove spirits may be run into a wash.
tank or a distilling material tank, or may be destroyed or disposed of on the premises.

(26 U.S.C. 5008, 5201)

**PRODUCTION INVENTORIES**

§ 19.312 Physical inventories.

A proprietor must take a physical inventory of the spirits and denatured spirits in tanks and other containers in the production account at the close of each calendar quarter. A proprietor must record the results of the inventory as provided in subpart V of this part and must show separately spirits and denatured spirits received for redistillation. TTB may require additional inventories be taken at any time.

(26 U.S.C. 5201)

**RULES FOR REDISTILLATION**

§ 19.314 General.

Distillers or processors may redistill spirits, denatured spirits, articles, and spirits residues. Some redistillation requires an approved formula on form TTB F 5100.51, Formula and Process for Domestic and Imported Alcohol Beverages, as specified in §§ 5.26 and 5.27 of this chapter.

(26 U.S.C. 5223)

§ 19.315 Receipts for redistillation.

(a) A proprietor may receive and redistill spirits or denatured spirits that:

1. Have not been removed from bond;
2. Have been withdrawn from bond on payment or determination of tax and returned to bond under subpart Q of this part;
3. Have been withdrawn from bond free of tax or without payment of tax and returned to bond under subpart T of this part; or
4. Have been abandoned to the United States and sold to the proprietor without the payment of tax.

(b) A proprietor may also receive and redistill:

1. Recovered denatured spirits and recovered articles returned under § 19.454, and
2. Articles and spirits residues received under § 19.454.

(26 U.S.C. 5201, 5215, 5223, 5243)

§ 19.316 Redistillation.

(a) TTB has established standards of identity for the various classes and types of distilled spirits. These standards are found in part 5 of this chapter. If a proprietor intends to redistill spirits, the proprietor must ensure that the redistillation process does not cause the distillate to become ineligible for designation in the class or type of spirits that the proprietor intends to produce. Therefore, spirits must not be redistilled at a proof lower than that allowed for the class and type at which the spirits were originally produced, unless the redistilled spirits are to be:

1. Used in wine production;
2. Used in the manufacture of gin or vodka; or
3. Designated as alcohol.

(b) In order to preserve the class and type of spirits during the redistillation process, different kinds of spirits must be redistilled separately, or with distilling material of the same kind or type as that from which the spirits were originally produced. However, this restriction does not apply when:

1. Brandy is redistilled into "spirits-fruit" or "neutral spirits-fruit". In this case the resulting distillate must not be used for producing wine;
2. Whiskey is redistilled into "spirits-grain" or "neutral spirits-grain";
3. Spirits originally distilled from different kinds of material are redistilled into "spirits-mixed" or "neutral spirits-mixed";
4. The spirits are redistilled into alcohol.

(c) All spirits redistilled after the production gauge will be treated the same as if the spirits had been originally produced by the redistiller. Spirits recovered by redistillation of denatured spirits, articles, or spirits residues may not be withdrawn from bonded premises except for industrial use or after denaturation. Otherwise, all provisions of this part and 26 U.S.C. chapter 51 applicable to the original production of spirits will be applicable to the redistillation of spirits. Nothing in this section affects any provision of this chapter relating to the labeling of distilled spirits.

(26 U.S.C. 5215, 5223)