incorporated into the product, or are
determined by TTB to have been other-
wise utilized as an essential part of the
manufacturing process. However, spir-
its lost by causes such as spillage,
leakage, breakage or theft, and spirits
used for purposes such as rinsing or
cleaning a system, are not considered
to have been used in the manufacture of
a product.

§ 17.152 Time of use of spirits.
  (a) General. Distilled spirits shall be
considered used in the manufacture of
a product as soon as that product con-
tains all the ingredients called for by
its formula.
  (b) Spirits used in an ion exchange col-
umn. Distilled spirits used in re-
charging an ion exchange column, the
operation of which is essential to the
production of a product, shall be con-
sidered to be used when the spirits are
entered into the manufacturing system
in accordance with the product’s for-
ma.
  (c) Products requiring additional proc-
essing or treatment. Further manipula-
tion of a product, such as aging or fil-
tering, subsequent to the mixing to-
gether of all of its ingredients, shall
not postpone the time when spirits are
considered used, as determined under
paragraph (a) of this section. This is
ture even if at the time of use there
has not yet been a final determination
of alcoholic content by assay. If, how-
ever, it is later found necessary to add
more distilled spirits to standardize
the product, such added spirits shall be
considered as used in the period during
which they were added.
  (d) Nonbeverage products used to manu-
facture other products. Nonbeverage
products may be used to manufacture
other nonbeverage (or intermediate)
products. However, such subsequent
usage of a nonbeverage product shall
not affect the time when the distilled
spirits contained therein are consid-
ered used. When distilled spirits are
used in the manufacture of a nonbev-
erage product, the time of use shall be
the point at which that product first
contains all of its prescribed ingredi-
ents, and such use shall not be deter-
mained by the time of any subsequent
usage of that product in another prod-
}

§ 17.153 Recovered spirits.
  (a) Recovery from intermediate pro-
ducts. Eligible spirits recovered in the
manufacture of intermediate products
are not subject to drawback until such
recovered spirits are used in the manu-
facture of a nonbeverage product.
(However, see §17.127 with respect to
optional treatment of ingredients as
unfinished nonbeverage products, rath-
er than as intermediate products.)
Spirits recovered in the manufacture of
intermediate products shall be reused
only in the manufacture of inter-
mediate or nonbeverage products.
  (b) Recovery from nonbeverage pro-
ducts. Distilled spirits recovered in the
manufacture of a nonbeverage product
are considered as having been used in
the manufacture of that product. If the
spirits were eligible when so used, they
became subject to drawback at that
time. Upon recovery, such spirits may
be reused in the manufacture of non-
beverage products, but shall not be re-
used for any other purpose. When re-
used, such recovered spirits are not
again eligible for drawback and shall
not be used in the manufacture of in-
termediate products.

§ 17.154 Spirits contained in inter-
mediate products.
Spirits contained in an intermediate
product are not subject to drawback
until that intermediate product is used
in the manufacture of a nonbeverage
product.

§ 17.155 Spirits consumed in manufac-
turing intermediate products.
Spirits consumed in the manufacture
of an intermediate product—which are
not contained in the intermediate
product at the time of its use in non-
beverage products—are not subject to
drawback. Such spirits are not consid-
ered to have been used in the manufac-
ture of nonbeverage products. However,
see §17.127 with respect to optional
treatment of ingredients as unfinished
nonbeverage products, rather than as
intermediate products.