

(d) *By discontinuing the business.* A principal may terminate a bond by notifying TTB that the principal has discontinued business; and

(e) *On application by an existing proprietor who becomes exempt from bond requirements.* If a proprietor has held a bond or bonds covering operations or withdrawals of distilled spirits for non-industrial use and becomes exempt from those bond requirements as provided under §19.151(d), the proprietor may apply to TTB to terminate the bond or bonds covering such operations or withdrawals. To apply, the proprietor must file an amendment to TTB F 5110.41, Registration of Distilled Spirits Plant, as provided in §19.136. The proprietor must accurately state in the submission that the proprietor:

(1) Will withdraw distilled spirits for deferred payment of tax as provided in §19.235;

(2) Reasonably expects to be liable for not more than \$50,000 in taxes with respect to distilled spirits imposed by 26 U.S.C. 5001 and 7652 for the current calendar year (see definition of “Reasonably expects” in §19.235(e)); and

(3) Was liable for not more than \$50,000 in such taxes in the preceding calendar year.

(26 U.S.C. 5173)

[T.D. TTB-92, 76 FR 9090, Feb. 16, 2011, as amended by T.D. TTB-146, 82 FR 1121, Jan. 4, 2017]

**§ 19.171 Surety notice of relief from bond liability.**

(a) *Notice to principal.* A surety on a bond may, at any time, notify the principal in writing that the surety desires to be relieved of liability under the bond.

(b) *Notice to TTB.* A surety on a bond may, at any time, notify the appropriate TTB officer in writing that the surety desires to be relieved of liability under the bond. The notice must specify the date after which the surety desires to be relieved of liability. In the case of a withdrawal bond, the date specified in the notice must be at least ten days after the notice is received by the appropriate TTB officer. In the case of an operations bond or unit bond, the date specified in the notice must be at least 90 days after the notice is received by the appropriate TTB

officer. When a surety files a termination notice with TTB, the surety must include either an acknowledgment from the principal that the principal is aware that the surety is terminating the bond or proof that the surety has served the principal with notice of its intent to terminate the bond.

(c) *Effect of notice.* The bond coverage will end as of close of business on the date specified in the notice, provided the surety timely filed a proper and complete termination notice, and the surety does not withdraw its termination notice in writing prior to the termination date. The surety will be released from future liability under the bond to the extent set forth in §19.172.

(26 U.S.C. 5173, 5175, 5176)

**§ 19.172 Relief of surety from bond liability.**

A surety that has provided proper notice under §19.171 will be relieved from liability under the bond in question as set forth below:

(a) *Operations or unit bond.* When a superseding bond is submitted, the surety will be relieved of future liability related to production and deposits that take place after the effective date of the superseding bond. However, the surety remains liable for the tax on all distilled spirits or wines produced, or for other liabilities incurred, during the term of the bond. Further, if a superseding bond is not submitted, the surety will remain liable under the bond for all spirits or wines that are on hand or in transit to the bonded premises or bonded wine cellar on the date specified in the notice. The liability of the surety will continue until all such spirits or wines have been lawfully disposed of, or until a new bond has been submitted by the principal covering the spirits or wine.

(b) *Withdrawal or unit bonds.* The surety will be relieved from liability for withdrawals made after the date specified in the notice, or upon the effective date of a new bond if one is given.

(26 U.S.C. 5173, 5176)

**§ 19.173 Release of pledged securities.**

Securities that are pledged and deposited with TTB under §19.154 will

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only be released by TTB in accordance with the provisions of 31 CFR Part 225, Acceptance of Bonds Secured by Government Obligations in Lieu of Bonds with Sureties. The appropriate TTB officer will not release pledged securities prior to termination of the liability under the bond for which they were pledged. When the appropriate TTB officer is satisfied that the pledged securities may be released, the official will set a date or dates on which a part or all of the securities may be released. At any time prior to the release of the securities, the appropriate TTB officer may extend the date of release for any additional length of time deemed necessary.

(31 U.S.C. 9301, 9303)

**Subpart G—Construction, Equipment, and Security Requirements**

**§ 19.181 General.**

The proprietor of a distilled spirits plant must apply certain construction, equipment, and security standards at the plant. These standards are intended to ensure the protection of untaxed spirits at the plant and to ensure proper measurement and accountability for products on bonded premises. This subpart prescribes those standards.

(26 U.S.C. 5178)

**TANK REQUIREMENTS**

**§ 19.182 Tanks—general requirements.**

The proprietor of a distilled spirits plant must ensure that all tanks on the premises used to hold spirits, denatured spirits, or wines are:

- (a) Used for the purpose listed on the application and plant registration;
- (b) Equipped with accurate means for measuring their contents. If the means for measurement is not a permanent fixture on the tank, the proprietor must equip the tank with a fixed device for measuring the contents. However, tanks having a capacity of less than 101 gallons are not required to have permanent gauge devices;
- (c) Accurately calibrated if used for any of the gauges described in this part. Further, if tanks or their gauging devices are moved in any manner sub-

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sequent to original calibration, the tanks shall not be used until recalibrated;

- (d) Accessible through walkways, landings, and stairs that permit access to all parts of the tank;
- (e) Equipped or situated so that they may be locked or secured; and
- (f) Constructed to prevent access to the spirits or wines through vents, flame arresters or other safety devices.

(26 U.S.C. 5006, 5204, 5505)

**§ 19.183 Scale tanks.**

(a) Except as otherwise provided in paragraph (b) of this section, if the proprietor uses a tank to determine the distilled spirits tax imposed by 26 U.S.C. 5001, the tank must be mounted on scales and the contents of the tank must be determined by weight. The scale tank also must be equipped with a suitable device so that the volume of the contents can be quickly and accurately determined.

(b) The requirement to mount tanks on scales does not apply to tanks having a capacity of 55 gallons or less. Such tanks may be moved onto an accurately calibrated scale when a tax determination gauge needs to be made.

(26 U.S.C. 5006, 5204, 5505)

**§ 19.184 Scale tank minimum graduations.**

(a) The beams or dials on scale tanks used for tax determination must have minimum graduations not greater than the following:

Quantity to be weighed	Minimum graduation
Not exceeding 2,000 pounds .....	½ pound
Between 2,000 and 6,000 pounds .....	1 pound
Between 6,000 and 20,000 pounds .....	2 pounds
Between 20,000 and 50,000 pounds .....	5 pounds
Over 50,000 pounds .....	10 pounds

(b) For scales having a capacity greater than 2,000 pounds, the minimum quantity which may be entered onto the weighing tank scale for gauging for tax determination will be the greater of:

- (1) 1,000 times the minimum graduation of the scale, or
- (2) 5 percent of the total capacity of the weighing tank scale.