

SEC. 2. For the purposes set out in section 1 of this Act, the United States of America hereby vests in the several States within whose exterior boundaries such place may be, insofar as the enforcement of State workmen's compensation laws are affected, the right, power, and authority aforesaid: *Provided, however,* That by the passage of this Act the United States of America in nowise relinquishes its jurisdiction for any purpose over the property named, with the exception of extending to the several States within whose exterior boundaries such place may be only the powers above enumerated relating to the enforcement of their State workmen's compensation laws as herein designated: *Provided further,* That nothing in this Act shall be construed to modify or amend the United States Employees' Compensation Act as amended from time to time (Act of September 7, 1916, 39 Stat. 742, U. S. C., title 5 and supplement, sec. 751 et seq.).

Authority vested in States for enforcement, etc.

Provisos.
Federal jurisdiction not relinquished.

United States Employees' Compensation Act not modified.
Vol. 39, p. 742.
U. S. C., p. 98.

Approved, June 25, 1936.

[CHAPTER 830.]

AN ACT

To insure the collection of the revenue on distilled spirits, wines, and malt liquors, to provide for the more efficient and economical administration and enforcement of the laws relating to the taxation of distilled spirits, wines, and malt liquors, to amend the Federal Alcohol Administration Act, and for other purposes.

June 26, 1936.
[H. R. 9185.]
[Public, No. 815.]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Liquor Tax Administration Act.

TITLE I

Title I.

SECTION 1. This Act may be cited as the "Liquor Tax Administration Act".

Citation of title.

SEC. 2. (a) Whoever, when violating any law of the United States, or of any Territory or possession of the United States, or of the District of Columbia, in regard to the manufacture, taxation, or transportation of or traffic in distilled spirits, wines, or fermented malt liquors, or when aiding in any such violation, has in his possession or in his control any device capable of causing emission of smoke, gas, or fumes, and which may be used for the purpose of hindering, delaying, or preventing pursuit or capture, any explosive, or any firearm (as defined in the National Firearms Act, as amended), except a machine gun, or a shotgun or rifle having a barrel of less than eighteen inches in length, shall be fined not more than \$5,000 or be imprisoned for not more than ten years, or both, and all persons engaged in any such violation or in aiding in any such violation shall be held to be in possession or control of such device, firearm, or explosive.

Violators of liquor laws possessing smoke, etc., devices.

Possession of firearms, etc.; exceptions.
Vol. 48, p. 1236; U. S. C., p. 1135.
Ante, p. 1192.
Penalty.

Persons engaged in, or aiding violation.

(b) Whoever, when violating any such law, has in his possession or in his control a machine gun, or any shotgun or rifle having a barrel of less than eighteen inches in length, shall be punished by imprisonment for not more than twenty years; and all persons engaged in any such violation or in aiding in any such violation shall be held to be in possession and control of such machine gun, shotgun, or rifle.

Possession of machine gun, etc.

Punishment for.

Persons engaged in, or aiding violation.

(c) Every such firearm or device for emitting gas, smoke, or fumes, and every such explosive, machine gun, shotgun, or rifle, in the possession or control of any person when violating any such law, shall be seized and shall be forfeited and disposed of in the manner provided by section 7 of the National Firearms Act.

Seizure, etc., of designated firearms, devices, explosives, etc.
Disposal of.
Vol. 48, p. 1238.
U. S. C., p. 1136.

Killing or assaulting
Customs or Internal
Revenue officer.
Ante, p. 1105.

Provisions extended
to include employee,
agent, etc.
Vol. 48, p. 780.
U. S. C., p. 739.
Discretionary power
to refuse to order return
on bond of seized vessel
or vehicle.

"Vessel" and "veh-
icle" defined.

"Machine gun" de-
fined.

Title II.

R. S., sec. 3287, p. 636.
U. S. C., p. 1156.

Filling casks, etc., at
distilleries.

Regulations for
drawing off, gauging,
etc., to be prescribed.

Marking, branding,
etc., and transfer and
storage of, in bonded
warehouses.

Wooden packages
containing metallic
cans, for export.

Standards of fill at
each distillery, pre-
scribing of.

Marking, branding,
etc., at expense of dis-
tiller; regulations for.

SEC. 3. Section 1 of the Act entitled "An Act to provide punishment for killing or assaulting Federal officers", approved May 18, 1934, as amended, is amended by striking out the words "any officer of the Customs Service or of the Internal Revenue Service", and inserting in lieu thereof the words "any officer, employee, agent, or other person in the service of the customs or of the internal revenue".

SEC. 4. Notwithstanding any provisions of law relating to the return on bond of any vessel or vehicle seized for the violation of any law of the United States, the court having jurisdiction of the subject matter, may, in its discretion and upon good cause shown by the United States, refuse to order such return of any such vessel or vehicle to the claimant thereof.

SEC. 5. (a) As used in this title the word "vessel" includes every description of watercraft used, or capable of being used, as a means of transportation in water or in water and air; and the word "vehicle" includes every animal and description of carriage or other contrivance used, or capable of being used, as a means of transportation on land or through the air.

(b) As used in this title the term "machine gun" means any weapon which shoots, or is designed to shoot, automatically or semi-automatically, more than one shot, without manual reloading, by a single function of the trigger.

TITLE II

SECTION 201. Section 3287 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, sec. 1231), is amended to read as follows:

"SEC. 3287. (a) Except as provided in section 602 of the Revenue Act of 1918, as amended, all distilled spirits shall be drawn from receiving cisterns into casks or packages and thereupon shall be gauged, proved, and marked by a storekeeper-gauger, and immediately removed into an Internal Revenue Bonded Warehouse. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, is hereby empowered to prescribe all necessary regulations relating to the drawing off, gauging, and packaging of distilled spirits; the marking, branding, numbering, and stamping of such packages; and the transfer and transportation to, and the storage of such spirits in, Internal Revenue Bonded Warehouses.

"(b) Upon the application of the distiller and under such regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe, distilled spirits may be drawn into wooden packages, each containing two or more metallic cans, which cans shall each have a capacity of not less than five gallons, wine measure. Such packages shall be filled and used only for exportation from the United States. And there shall be charged for each of said packages or cases for the expense of providing and affixing stamps, 5 cents.

"(c) The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may, by regulations, prescribe the standards of fill of casks or packages of distilled spirits at each distillery.

"(d) The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may, by regulations, from time to time, require a distiller, at his expense and under the immediate personal supervision of a storekeeper-gauger, to do such marking and branding and such mechanical labor pertaining to gauging required under this section as the Commissioner deems proper and determines may be done without danger to the revenue."

SEC. 202. Section 3295 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, sec. 1236), is further amended to read as follows:

"SEC. 3295. (a) Whenever an application is received for the removal from any Internal Revenue Bonded Warehouse of any cask or package of distilled spirits on which the tax has been paid, the storekeeper-gauger shall gauge and inspect the same, and shall, before such cask or package has left the warehouse, place upon such package such marks, brands, and stamps as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall by regulations prescribe, which marks, brands, and stamps shall be erased when such cask or package is emptied.

R. S., sec. 3295, p. 637.
U. S. C., p. 1156.

Gauging, branding, and stamping spirits before removal from warehouse.

Erasure of marks, etc., when cask emptied.

"(b) The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may, by regulations, from time to time, require any distiller, at his expense and under the immediate personal supervision of a storekeeper-gauger, to do such marking and branding and such mechanical labor pertaining to gauging required under this section as the Commissioner deems proper and determines may be done without danger to the revenue."

Marking and branding by distiller.

SEC. 203. Section 3290 of the Revised Statutes (U. S. C., 1934 ed., title 26, sec. 1811 (a)) is amended to read as follows:

R. S., sec. 3290, p. 636.
U. S. C., p. 1212.

"SEC. 3290. Whenever any storekeeper-gauger employs any owner, agent, or superintendent of any distillery or Internal Revenue Bonded Warehouse, or any person in the service of such owner, agent, or superintendent, or any rectifier or wholesale liquor dealer, or any person in the service of such rectifier or wholesale liquor dealer, to use his brands or to discharge any of the duties imposed upon him by law, he shall, for each offense so committed, be subject to a fine of not more than \$1,000. This section shall not apply in any case in which the use of the storekeeper-gauger's brand or the discharge of his duties by another has been directed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, under authority of law."

Storekeeper-gauger employing distiller, etc., to use his brands, or discharge his duties.

Penalty.
Liability removed if directed by Commissioner.

TITLE III

Title III.

SECTION 301. (a) Section 3262 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, secs. 1166 (b) and 1353), is amended to read as follows:

R. S., sec. 3262, p. 629.
U. S. C., pp. 1146, 1172.

"SEC. 3262. (a) No bond of a distiller shall be approved unless—

Distiller's bond; qualifications.
Ownership in fee of distillery tract.

"(1) The distiller is the owner in fee, unencumbered by any mortgage, judgment, or other lien, of the lot or tract of land on which the distillery is situated; or

"(2) The distiller files with the officer designated for the purpose by the Commissioner of Internal Revenue, in connection with his notice, the written consent of the owner of the fee, and of any mortgagee, judgment-creditor, or other person having a lien thereon, duly acknowledged, that the premises may be used for the purpose of distilling spirits, subject to the provisions of law, and expressly stipulating that the lien of the United States for taxes and penalties shall have priority of such mortgage, judgment, or other encumbrance, and that in the case of the forfeiture of the distillery premises, or any part thereof, the title to the same shall vest in the United States, discharged from such mortgage, judgment, or other encumbrance; or, if consent as required under this paragraph cannot be obtained,

Owner's, etc., consent filed.

Agreement to priority of United States lien for taxes, etc.

Vesting of title in United States in event of forfeiture of premises.

"(3) The distiller, with the approval of the Commissioner, files with the officer designated by the Commissioner a bond, approved by the Commissioner, in the penal sum equal to the appraised value

Bond; amount, form, etc.

Distillery, etc., erected prior to July 20, 1868.
Owner's estate less than fee-simple.

Evidence of title held but was not required to be recorded.

Title in litigation.

Property encumbered with mortgage, not yet due.

Held by person incapable of giving consent.

Appraisal.

Acceptance of bond in lieu of written consent.

Sureties.

Acceptance of distiller's bond in lieu of owner's consent where distillery erected prior to July 20, 1868; additions.

Distillery sold at judicial, etc., sale in favor of United States.
Operation, etc., of.

of the lot or tract of land on which the distillery is situated, the distillery, the buildings, and the distilling apparatus. Such value shall be determined, and such bond shall be executed, in such form and with such sureties, and filed with the officer designated by the Commissioner of Internal Revenue, under such regulations as the Secretary of the Treasury shall prescribe.

"(b) In any case where the owner of a distillery or distilling apparatus, erected prior to July 20, 1868, has only an estate for a term of years or other estate less than fee-simple in the lot or tract of land on which the distillery is situated, the evidence of title to which shall have been duly recorded prior to that date; or in like case, where the lease or other evidence of title is held but was not required by the laws of the State to be recorded in order to be valid at the time of its execution; or in any case of such prior erection where the title was then, and has continued to be, in litigation; or in any case of such prior erection where such owner is possessed of the fee, but encumbered with a mortgage executed and duly recorded prior to July 20, 1868, and not due, or in any case of such prior erection where the fee is held by a femme-covert, minor, person of unsound mind, or other person incapable of giving consent, as required in subsection (a), the value of such lot or tract of land, together with the building and distilling apparatus, shall be appraised in the manner to be prescribed by the Commissioner; and the officer designed by the Commissioner may, at the discretion of the Commissioner, be authorized to accept, in lieu of the said written consent, the bond of such distiller, in such form as the Commissioner may prescribe, with not less than two personal sureties of¹ one corporate surety, conditioned that in case the distillery, distilling apparatus, or any part thereof, shall by final judgment be forfeited for the violation of any of the provisions of law, the obligors shall pay the amount stated in said bond. Said sureties shall be residents of the collection district or county, or of an adjoining county in the same State in which the distillery is situated, and owners of unencumbered real estate in said district or county, or adjoining county, equal to such appraised value, and the penal sum of said bond shall be equal to the appraised value of said lot or tract of land together with the buildings and distilling apparatus.

"(c) The officer designated by the Commissioner may at any time, at the discretion of the Commissioner, accept such bond as is authorized to be given by the distiller in lieu of the written consent of the owner of the fee in the case of a distillery erected prior to July 20, 1868, notwithstanding such distillery has since then been increased by the addition of land or buildings adjacent or contiguous thereto, not owned by the distiller himself in fee; such bond to be for and in respect of such addition only, if the distillery be one which the distiller owns in fee or in respect to which he has procured the written consent of the owner of the fee or other encumbrance, otherwise to be for and in respect of the entire distillery as increased by such addition.

"(d) In case of any distillery sold at judicial or other sale in favor of the United States, a bond may be taken at the discretion of the Commissioner of Internal Revenue, in lieu of the written consent required by this section, and the person giving such bond may be allowed to operate such distillery during the existence of the right of redemption from such sale, on complying with all the other provisions of law.

¹ So in original.

"(e) No lien shall attach to any lot or tract of land, distillery, building, or distilling apparatus, under the provisions of section 3251 of the Revised Statutes, as amended, by reason of distilling done during any period included within the term of any bond taken under the provisions of paragraph (3) of subsection (a) of this section."

No lien on premises for distilling done within term of bond.
R. S., sec. 3251, p. 627.
U. S. C., p. 1140.

SEC. 302. Section 3264 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, sec. 1168), is further amended by adding at the end thereof the following new paragraph:

R. S., sec. 3264, p. 630.
U. S. C., p. 1147.

"The Secretary of the Treasury in the case of any distillery may, under regulations, waive such of the requirements of this section as he determines may be waived without danger to the revenue. Whenever the Secretary of the Treasury, by authority of this paragraph, waives any or all of the requirements of this section, he may, by regulation, relieve the distiller from such requirements of sections 3285, 3309, 3310, and 3311 of the Revised Statutes, as amended, and of section 6 of the Act of March 1, 1879, as amended (U. S. C., 1934 ed., title 26, sec. 1198), and of such other provisions of law relating or incidental to survey requirements, as the Secretary determines may be waived without danger to the revenue."

Waiver of survey requirements in certain cases.

R. S., secs. 3285, 3309-3311, pp. 1150-1151.
Vol. 20, p. 340; Vol. 21, p. 147.
U. S. C., p. 1151.

SEC. 303. Section 3260 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, sec. 1165), is further amended by adding at the end thereof the following new paragraph:

R. S., sec. 3260, p. 629.
U. S. C., p. 1146.

"Whenever, under authority of law, the Secretary of the Treasury shall relieve a distiller from the survey requirements of section 3264 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, sec. 1168), he may likewise by regulation fix the penal sum of the distiller's bond, but in no case shall the amount of the minimum bond be less than \$5,000 nor the amount of the maximum bond greater than \$100,000."

Amount of distiller's bond when relieved from survey requirements.

SEC. 304. Section 3267 of the Revised Statutes (U. S. C., 1934 ed., title 26, sec. 1171), is amended by adding a new paragraph at the end thereof, to read as follows:

R. S., sec. 3267, p. 630.
U. S. C., p. 1147.

"Whenever, under authority of law, the Secretary of the Treasury shall relieve a distiller from the survey requirements, he may, by regulation, require the distiller to provide such receiving cisterns, tanks, or such other equipment as the Secretary shall deem proper in order to protect the revenue."

Receiving cisterns in distilleries.

SEC. 305. Section 67 of the Act of August 27, 1894 (28 Stat. 568), (U. S. C., 1934 ed., title 26, sec. 1166 (c)), is amended to read as follows:

Vol. 28, p. 568.
U. S. C., p. 1146.

"SEC. 67. (a) No individual, firm, partnership, corporation, or association, intending to commence or to continue the business of a distiller, rectifier, brewer, or winemaker, shall commence or continue the business of a distiller, rectifier, brewer, or winemaker until all bonds in respect of such a business, required by any provision of law, have been approved by the Commissioner of Internal Revenue or such other officer of the Bureau of Internal Revenue as the Commissioner, with the approval of the Secretary of the Treasury, may designate.

Approval of bonds before commencing or continuing business.

"(b) The Commissioner or the designated officer may disapprove any such bond or bonds if the individual, firm, partnership, corporation, or association giving the same, or owning, controlling, or actively participating in the management of the business of the individual or firm, partnership, corporation, or association giving the same, shall have been previously convicted, in a court of competent jurisdiction, of (1) any fraudulent noncompliance with any provision of any law of the United States if such provision related to internal-revenue or customs taxation of distilled spirits, wines,

Disapproval of bonds for causes specified.

Fraudulent noncompliance with internal revenue, etc., taxation.

Felony under prohibition, etc., laws.

Appeals.

Disapproval of Commissioner final.

Vol. 29, p. 626.
U. S. C., p. 1162.

Bottling of distilled spirits in bond.

Mingling.

Restrictions.

Affixing stamps on bottles, packing, etc.

On cases.

Statement on each case; requirements.

or fermented malt liquors, or if such an offense shall have been compromised with the individual, firm, partnership, corporation, or association upon payment of penalties or otherwise, or (2) any felony under a law of any State, Territory, or the District of Columbia, or the United States, prohibiting the manufacture, sale, importation, or transportation of distilled spirits, wine, fermented malt liquor, or other intoxicating liquor.

"(c) In case the disapproval is by any officer other than the Commissioner, the individual, firm, partnership, corporation, or association giving the bond may appeal from such disapproval to the Commissioner.

"(d) The disapproval of the Commissioner in any matter under this section shall be final."

SEC. 306. (a) Section 1 of the Act entitled "An Act to allow the bottling of distilled spirits in bond", approved March 3, 1897, as amended (U. S. C., 1934 ed., title 26, sec. 1276), is further amended to read as follows:

"That whenever any distilled spirits deposited in the Internal Revenue Bonded Warehouse have been duly entered for withdrawal, before or after tax-payment, or for export in bond, and have been duly gauged and the required marks, brands, and taxpaid stamps (if required) or export stamps, as the case may be, have been affixed to the package or packages containing the same, the distiller or owner of said distilled spirits, if he has declared his purpose so to do in the entry for withdrawal, which entry for bottling purposes may be made by the owner as well as the distiller, may remove such spirits to a separate portion of said warehouse which shall be set apart and used exclusively for that purpose, and there, under the supervision of a United States storekeeper-gauger in charge of such warehouse, may immediately draw off such spirits, bottle, pack, and case the same. For convenience in such process any number of packages of spirits of the same kind, differing only in proof, but produced at the same distillery by the same distiller, may be mingled together in a cistern provided for that purpose, but nothing herein shall authorize or permit any mingling of different products, or of the same products of different distilling seasons, or the addition or subtraction of any substance or material or the application of any method or process to alter or change in any way the original condition or character of the product except as herein authorized; nor shall there be at the same time in the bottling room of any Internal Revenue Bonded Warehouse any spirits entered for withdrawal upon payment of the tax and any spirits entered for export.

"Every bottle when filled shall have affixed thereto and passing over the mouth of the same such suitable adhesive engraved strip stamp as may be prescribed, as hereinafter provided, and shall be packed into cases to contain six bottles or multiples thereof, and in the aggregate not less than two nor more than five gallons in each case, which, if taxpaid, shall be immediately removed from the warehouse premises. Each of such cases shall have affixed thereto a stamp denoting the number of gallons therein contained, such stamp to be affixed to the case before its removal from the warehouse, and such stamps shall have a cash value of ten cents each, and shall be charged at that rate to the collectors to whom issued, and shall be paid for at that rate by the distiller or owner using the same.

"And there shall be plainly burned, embossed, or printed on the side of each case, to be known as the Government side, the proof of the spirits, the registered distillery number, the State and supervisory district in which the distillery is located, the real name of the actual bona fide distiller or of the individual, firm, partnership,

corporation or association in whose name the spirits were produced and warehoused, the year and distilling season, whether spring or fall, of original inspection or entry into bond, and the date of bottling, and the same wording shall be placed upon the adhesive engraved strip stamp over the mouth of the bottle. It being understood that the spring season shall include the months from January to July, and the fall season the months from July to January.

"And no trade-marks shall be put upon any bottle unless the real name of the actual bona fide distiller, or the name of the individual, firm, partnership, corporation, or association in whose name the spirits were produced and warehoused, shall also be placed conspicuously on said bottle."

(b) Section 2 of the Act entitled "An Act to allow the bottling of distilled spirits in bond", approved March 3, 1897, as amended (U. S. C., 1934 ed., title 26, sec. 1277), is further amended by striking out the last clause following the words "Secretary of the Treasury", and inserting in lieu thereof the following: "but no spirits (except gin for export) shall be bottled in bond until they have remained in bond in wooden containers for at least four years from the date of original gauge as to fruit brandy, or original entry as to all other spirits: *Provided*, That nothing in this Act shall authorize the labeling of spirits in bottles contrary to the provisions of regulations issued pursuant to the Federal Alcohol Administration Act, or any amendment thereof."

SEC. 307. (a) All distilled spirits heretofore entered for deposit in a distillery, general, or special bonded warehouse, or hereafter entered for deposit in an Internal Revenue Bonded Warehouse, shall be withdrawn therefrom within eight years from the date of original entry therein, except as provided in subsection (c) of this section.

(b) Any distilled spirits heretofore deposited in any distillery, general, or special bonded warehouse, or hereafter deposited in any Internal Revenue Bonded Warehouse, may, at the time of withdrawal of the spirits from such warehouse, upon the filing of an application for the regauge of such spirits, giving a description of the package containing the spirits, be regauged by a storekeeper-gauger who shall place upon each such package such marks and brands as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall by regulations prescribe. If upon such regauging it shall appear that there has been a loss by leakage or evaporation of distilled spirits from any cask or package, without the fault or negligence of the distiller or warehouseman, taxes shall be collected only on the quantity of distilled spirits contained in such cask or package at the time of such withdrawal. The allowance which shall be made for such loss of spirits shall not exceed—

- 1 proof-gallon for 2 months or part thereof;
- 1½ gallons for more than 2 months and not more than 4 months;
- 2 gallons for more than 4 months and not more than 6 months;
- 2½ gallons for more than 6 months and not more than 8 months;
- 3 gallons for more than 8 months and not more than 10 months;
- 3½ gallons for more than 10 months and not more than 12 months;
- 4 gallons for more than 12 months and not more than 15 months;
- 4½ gallons for more than 15 months and not more than 18 months;
- 5 gallons for more than 18 months and not more than 21 months;
- 5½ gallons for more than 21 months and not more than 24 months;
- 6 gallons for more than 24 months and not more than 27 months;
- 6½ gallons for more than 27 months and not more than 30 months;
- 7 gallons for more than 30 months and not more than 33 months;

Trade marks; requirements.

Regulations governing bottling in bond.

Vol. 29, p. 627.
U. S. C., p. 1162.

Proviso.
Labeling.

Bonded period.

Regauging.

Loss allowance.

7½ gallons for more than 33 months and not more than 36 months;
 8 gallons for more than 36 months and not more than 40 months;
 8½ gallons for more than 40 months and not more than 44 months;
 9 gallons for more than 44 months and not more than 48 months;
 9½ gallons for more than 48 months and not more than 52 months;
 10 gallons for more than 52 months and not more than 56 months;
 10½ gallons for more than 56 months and not more than 60 months;
 11 gallons for more than 60 months and not more than 64 months;
 11½ gallons for more than 64 months and not more than 68 months;
 12 gallons for more than 68 months and not more than 72 months;
 12½ gallons for more than 72 months and not more than 76 months;
 13 gallons for more than 76 months and not more than 80 months;
 13½ gallons for more than 80 months from the date of original
 gauge as to fruit brandy, or original entry as to all other spirits;
 and no further allowances shall be made for loss by leakage or
 evaporation.

Allowance applica-
 ble to casks, etc., only.

Proof computation.

Spirits in bond for
 eight years or over.

Leakage allowance.

Proviso.
 Allowances for prior
 period.
 Vol. 43, p. 808.

Effective date of sec-
 tion.
Proviso.
 Regauging prior to
 effective date.

Vol. 40, p. 1106.

Removal of certain
 spirits.

Transfers by pipe
 lines to storage tanks in
 warehouses.

Drawing into ap-
 proved containers for
 storage in warehouse.
 Taxpaid in approved
 containers in cistern
 rooms.

Transportation in ap-
 proved containers, for
 beverage use.

Regulations to be
 prescribed.

The foregoing allowance for loss shall apply only to casks or packages of a capacity of forty or more wine-gallons, and the allowance for loss on casks or packages of less capacity than forty gallons shall not exceed one-half the amount allowed on said forty-gallon cask or package; but no allowance shall be made on casks or packages of less capacity than twenty gallons. The proof of such distilled spirits shall not in any case be computed at the time of withdrawal at less than 100 per centum.

(c) Distilled spirits which on the effective date of this section are eight years of age, or older, and which are in bonded warehouses, may remain therein after such date; but no allowance for loss by leakage or evaporation shall be made in the case of such spirits with respect to any period after such date: *Provided*, That loss allowances for such spirits for the period prior to the effective date of this section shall be made pursuant to the provisions of the Act of February 6, 1925 (43 Stat. 808).

(d) This section shall take effect thirty days after the date of the enactment of this Act: *Provided*, That a regauge to determine the losses to be allowed under subsection (c) shall be made prior to the effective date of this section.

SEC. 308. The first paragraph of section 602 of the Revenue Act of 1918, approved February 24, 1919, is amended to read as follows:

"SEC. 602. Subject to the provisions of existing law, spirits produced at registered distilleries and reduced in the receiving cisterns in such distilleries to not more than one hundred and fifty-nine degrees of proof and not less than one hundred degrees of proof, may be transferred, by means of pipe lines, direct to storage tanks in the Internal Revenue Bonded Warehouse located on the bonded premises where produced and be warehoused in such storage tanks, or they may be drawn into approved containers and transferred to any Internal Revenue Bonded Warehouse for storage therein, or they may be taxpaid in such approved containers in such cistern rooms, without being entered into an Internal Revenue Bonded Warehouse. Such spirits may be drawn into approved containers from storage tanks in Internal Revenue Bonded Warehouse located on the bonded premises of the distillery either for storage in bond or tax payment. Such spirits, upon tax payment, may be transported in approved containers for use for beverage purposes only. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, is hereby empowered to prescribe all necessary regulations relating to the drawing off, transferring, gauging, storing, and transportation of such spirits; the records to

be kept and returns to be made; the size and kind of containers to be used; the marking, branding, numbering, and stamping of such containers; the kind of stamps, if any, to be used; and the kind of bond and the penal sum thereof."

SEC. 309. Section 3293 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, sec. 1232), is amended to read as follows:

"SEC. 3293. (a) The distillers of all spirits removed to an Internal Revenue Bonded Warehouse shall enter the same for deposit in such warehouse, under such regulations as the Commissioner of Internal Revenue may prescribe. Said entry shall be in such form as the Commissioner shall prescribe.

"(b) The tax on all distilled spirits hereafter entered for deposit in Internal Revenue Bonded Warehouses shall be due and payable before and at the time the same are withdrawn therefrom and within eight years from the date of the original entry for deposit therein; and warehousing bonds hereafter taken under the provisions of the internal revenue laws shall be conditioned for the payment of the tax on the spirits as specified in the entry before withdrawal from the Internal Revenue Bonded Warehouse, and within eight years from the date of said entry. The Commissioner shall prescribe the form and penal sums of bonds covering distilled spirits in Internal Revenue Bonded Warehouses and in transit to and between such warehouses: *Provided*, That the penal sums of such bonds covering distilled spirits shall not exceed in the aggregate \$200,000 for each such warehouse.

"(c) A new bond shall be required in case of the death, insolvency, or removal of the surety or sureties, and may be required in any other contingency affecting its validity or impairing its efficiency, at the discretion of the Commissioner of Internal Revenue. And in case the warehouseman fails or refuses to give the bond required, or to renew the same, or neglects to immediately withdraw the spirits and pay the tax thereon, or if he neglects to withdraw any bonded spirits and pay the tax thereon before the expiration of the time limited in the bond, the collector shall proceed to collect the tax by distraint, issuing his warrant of distraint for the amount of tax found to be due, as ascertained by him from the report of the storekeeper-gauger if no bond was given, or from the terms of the bond if a bond was given. But this provision shall not exclude any other remedy or proceeding provided by law.

"(d) If it shall appear at any time that there has been a loss of distilled spirits from any cask or other package deposited in an Internal Revenue Bonded Warehouse, other than the loss provided for in section 3221 of the Revised Statutes, as amended, which, in the opinion of the Commissioner of Internal Revenue, is excessive, he may instruct the District Supervisor of the district in which the loss has occurred to require the withdrawal from warehouse of such distilled spirits, and direct the Collector of Internal Revenue to collect the tax accrued upon the original quantity of distilled spirits entered into the warehouse in such cask or package, notwithstanding that the time specified in any bond given for the withdrawal of the spirits entered into warehouse in such cask or package has not expired. If the said tax is not paid on demand, the collector shall report the amount due upon his next monthly list, and it shall be assessed and collected as other taxes are assessed and collected."

SEC. 310. Section 3302 of the Revised Statutes (U. S. C., 1934 ed., title 26, sec. 1229) is amended to read as follows:

"SEC. 3302. The storekeeper-gauger assigned to any distillery shall, in addition to all other duties required to be performed by him, keep

R. S., sec. 3293, p. 637.
U. S. C., p. 1156.

Entry of spirits for deposit in warehouse.

Form.

Tax on spirits entered for deposit.

Warehousing bonds.

Form and amount.

Proviso.
Maximum.

New bond upon death, etc., of sureties.

Penalty for failure to give bond, etc.

Other proceedings.

Loss of spirits other than by accident.

R. S., sec. 3221, p. 619.
U. S. C., p. 1161.

Assessment and collection of tax if not paid on demand.

R. S., sec. 3302, p. 639.
U. S. C., p. 1155.

Records to be kept by storekeeper-gaugers.

records of the receipt and use of substances brought into said distillery, or on said premises, to be used for the purpose of producing spirits, and of all spirits drawn off from the receiving cistern, and the time when the same were drawn off, in such form as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall, by regulations, prescribe."

R. S., sec. 3303, p. 639.
U. S. C., p. 1150.

Distillers' books; entries to be made.

SEC. 311. Section 3303 of the Revised Statutes (U. S. C., 1934 ed., title 26, sec. 1192 (a)) is amended to read as follows:

"SEC. 3303. Every person who makes or distills spirits, or owns any still, boiler, or other vessel used for the purpose of distilling spirits, or who has such still, boiler, or other vessel so used under his superintendence, either as agent or owner, or who uses any such still, boiler, or other vessel, shall keep a record, in the form and manner prescribed by the Commissioner of Internal Revenue, of the receipt on the distillery premises, and the use thereon, of materials intended for use in the distillation of spirits, and of the number of gallons of spirits distilled, the number of gallons placed in the warehouse, and the proof thereof, the number of gallons sold or removed, with the proof thereof, and the name, place of business, and residence of the person to whom sold."

R. S., sec. 3331, p. 649.
U. S. C., p. 1152.

Operation of distillery under bond, after seizure.

Bond by receiver.

Impounding of funds.

R. S., sec. 3339, p. 651.
U. S. C., p. 1167.

Tolerances.
Limits within which contents may exceed tax-paid quantity.

R. S., sec. 3342, p. 652.
U. S. C., pp. 1167, 1169.

Stamps; procurement by brewer.

Affixing of stamps.

SEC. 312. Section 3331 of the Revised Statutes (U. S. C., 1934 ed., title 26, sec. 1203) is hereby amended to read as follows:

"SEC. 3331. Any distillery or distilling apparatus seized for any violation of law may, in the discretion of the court, be released before final judgment to a receiver appointed by the court to operate such distillery or apparatus. Such receiver shall give bond, which shall be approved in open court, with two or more competent personal sureties, or one approved corporate surety, for the full appraised value of all the property seized, to be ascertained by three competent appraisers designated and appointed by the court. Funds obtained from such operation shall be impounded as the court shall direct pending such final judgment."

SEC. 313. (a) Section 3339 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, sec. 1330 (a) and (b)), is further amended by adding a new paragraph at the end thereof reading as follows:

"The provisions of this section requiring the accounting of hogsheads, barrels, and fractional parts of barrels at the next higher quantity shall not apply where the contents of such hogsheads, barrels, or fractional parts of barrels are within the limits of tolerance established by the Commissioner of Internal Revenue by regulations which he is hereby authorized to prescribe with the approval of the Secretary of the Treasury; and no assessment shall be made and no tax shall be collected for any excess in any case where the contents of the hogsheads, barrels, or fractional parts of barrels heretofore or hereafter used are within the limits of the tolerance so prescribed."

(b) Section 3342 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, secs. 1332 (a) and (b) and 1337 (b)), is amended to read as follows:

"SEC. 3342. (a) Every brewer shall obtain, from the collector of the district in which his brewery or brewery-warehouse is situated, and not otherwise unless such collector shall fail to furnish the same upon application to him, the proper stamps.

"(b) Every brewer shall affix, upon the spigot-hole in the head of every hogshead, barrel, or keg in which any fermented liquor is contained, when sold or removed from such brewery or warehouse (except in case of removal under permit, as hereinafter provided), a stamp denoting the amount of the tax required upon such fer-

mented liquor, which stamp shall be destroyed by driving through the same the faucet through which the liquor is to be withdrawn, or an air-faucet of equal size, at the time the hogshead, barrel, or keg is tapped, in case it is tapped through the other spigot-hole (of which there shall be but two, one in the head and one in the side), and shall also, at the time of affixing such stamp, cancel the same by writing or imprinting thereon the name of the person, firm, or corporation by whom such liquor was made, or the initial letters thereof, and the date when canceled: *Provided, however,* That the Commissioner of Internal Revenue may, in his discretion, authorize the use of such other tapping devices or faucets as will permit the affixing and destruction of stamps in a manner consistent with the protection of the revenue.

"(c) Every brewer who refuses or neglects to affix and cancel, in the manner provided under this section, the stamps required by law, or who affixes a false or fraudulent stamp, or knowingly permits the same to be done, shall pay a penalty of \$100 for each hogshead, barrel, or keg on which such omission or fraud occurs, and be imprisoned not more than one year."

(c) Section 3345 of the Revised Statutes (U. S. C., 1934 ed., title 26, sec. 1333 (a)) is amended by striking out the phrase "in one vessel" where it appears after the phrase "or not less than six barrels".

(d) Section 3348 of the Revised Statutes (U. S. C., 1934 ed., title 26, sec. 1334 (e)) is amended by striking out "kegs, or other vessels" where it appears therein and inserting in lieu thereof "or kegs".

(e) Section 3349 of the Revised Statutes (U. S. C., 1934 ed., title 26, sec. 1334 (f)) is amended by striking out "keg, or other vessel" where it appears therein and inserting in lieu thereof "or keg".

SEC. 314. (a) The last sentence of section 3242 of the Revised Statutes (U. S. C., 1934 ed., title 26, sec. 1397 (b)) is hereby repealed.

(b) The first sentence of section 3281 of the Revised Statutes (U. S. C., 1934 ed., title 26, secs. 1184 and 1397 (a) (1)), as amended, is further amended to read as follows:

"Any person who shall carry on the business of a brewer, rectifier, wholesale liquor dealer, retail liquor dealer, wholesale dealer in malt liquors, retail dealer in malt liquors, or manufacturer of stills, and willfully fails to pay the special tax as required by law, or who shall carry on the business of a distiller without having given bond as required by law, or who shall engage in or carry on the business of a distiller with intent to defraud the United States of the tax on the spirits distilled by him, or any part thereof, shall, for every such offense, be fined not less than \$100 nor more than \$5,000 and be imprisoned for not less than thirty days nor more than two years."

SEC. 315. Section 3335 of the Revised Statutes (U. S. C., 1934 ed., title 26, sec. 1334 (a)) is amended to read as follows:

"SEC. 3335. Every brewer shall, before commencing or continuing business, file with the officer designated for that purpose by the Commissioner of Internal Revenue a notice in writing and in the form prescribed by the Commissioner, with the approval of the Secretary of the Treasury. Such notice shall set forth (a) the name and residence of the brewer, and the names and residences of all such persons interested or to be interested in the business, directly or indirectly, as the Commissioner shall prescribe, (b) the precise place where the business is to be carried on, including a description of the premises on which the brewery is situated, the title of the brewer to the premises, and the name of the owner thereof, and (c) such additional particulars as the Commissioner shall prescribe as necessary for the protection of the revenue."

Destruction, etc., when container is tapped.

Proviso.
Use of other tapping devices.

Penalty for violation.

Removals free of tax.
R. S., sec. 3345, p. 653.
U. S. C., p. 1168.

Stamping; monthly report of retail sales.
R. S., sec. 3348, p. 653.
U. S. C., p. 1168.

Manufacturer's name on container.
R. S., sec. 3349, p. 654.
U. S. C., p. 1169.

Special tax; provision repealed.
R. S., sec. 3242, p. 622.
U. S. C., p. 1178.
R. S., sec. 3281, p. 635.
U. S. C., pp. 1149, 1178.

Conducting business without giving bond, or paying special tax, etc.

Penalty.

R. S., sec. 3335, p. 650.
U. S. C., p. 1168.

Notice by brewer before commencing business; information required.

R. S., sec. 3336, p. 650.
U. S. C., p. 1168.

SEC. 316. Section 3336 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, sec. 1334 (b)), is further amended to read as follows:

Brewer's bond.

"SEC. 3336. Every brewer, on filing notice as provided by law of his intention to commence or continue business, shall execute a bond to the United States in such penal sum, in proportion to the production capacity of the plant, as the Secretary of the Treasury shall by regulations prescribe, but in no event shall such sum be less than \$1,000. The bond shall be conditioned that the brewer shall pay, or cause to be paid, as herein provided, the tax required by law on all beer, lager beer, ale, porter, and other fermented liquors made by or for him, before the same is sold or removed for consumption or sale, except as hereinafter provided; and that he shall keep, or cause to be kept, in the manner required by law, a book which shall be open to inspection by the proper officers, as by law required; and that he shall in all respects faithfully comply, without fraud or evasion, with all requirements of law relating to the manufacture and sale of any malt liquors aforesaid. Once in every four years, or whenever required so to do by the Secretary of the Treasury, or such officer as may be designated by the Secretary of the Treasury, the brewer shall execute a new bond in the penal sum fixed in this section or prescribed in pursuance of this section, and conditioned as above provided, which bond shall be in lieu of any former bond or bonds of such brewer in respect to all liabilities accruing after its approval."

R. S., sec. 3340, p. 651.
U. S. C., p. 1169.

SEC. 317. Section 3340 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, sec. 1337 (a)), is amended to read as follows:

Evading tax; not making true and exact entries, reports, etc.

"SEC. 3340. (a) Every owner, agent, or superintendent of any brewery, vessels, or utensils used in making fermented liquors, who evades or attempts to evade the payment of the tax thereon, or fraudulently neglects or refuses to make true and exact entry and report of the same in the manner required by law, or to do, or cause to be done, any of the things by law required to be done by him, or who intentionally makes false entry in said book or in said statement, or knowingly allows or procures the same to be done, shall—

Penalties.

"(1) forfeit, for every such offense, all the liquors made by him or for him, and all the vessels, utensils, and apparatus used in making the same, and

"(2) be liable to a penalty of not less than \$500 nor more than \$1,000, to be recovered with costs of suit, and shall be deemed guilty of a misdemeanor, and be imprisoned for a term not exceeding one year.

Neglecting to keep books or refusing to furnish required accounts.

"(b) Every brewer who neglects to keep books or refuses to furnish the account and duplicate thereof as provided by law, or refuses to permit the proper officer to examine the books in the manner provided, shall, for every such refusal or neglect, forfeit and pay the sum of \$300.

Penalty.

Unlawful removal of taxable malt liquors, without tax payment.
Penalty.

"(c) For flagrant and willful removal of taxable malt liquors for consumption or sale, without payment of tax thereon, all the right, title, and interest of each person, who has knowingly suffered or permitted such removal or has connived at the same, in the lands and buildings constituting the brewery premises and bottling house shall be forfeited by a proceeding in rem in the District Court of the United States having jurisdiction thereof.

Brewery premises; term defined and purposes restricted.

"(d) The brewery premises shall consist of the land and buildings described in the brewer's notice and shall be used solely for the purposes of manufacturing beer, lager beer, ale, porter, and similar fermented malt liquors, cereal beverages containing less than one-

half of 1 per centum of alcohol by volume, vitamins, ice, malt, and malt syrup; of drying spent grain from the brewery; of recovering carbon dioxide and yeast; and of storing bottles, packages, and supplies necessary or incidental to all such manufacture. The brewery bottling house shall be used solely for the purposes of bottling beer, lager beer, ale, porter, and similar fermented malt liquors, and cereal beverages containing less than one-half of 1 per centum of alcohol by volume. Notwithstanding the foregoing provisions, where any such brewery premises or brewery bottling house is, on the date of the enactment of the Liquor Tax Administration Act, being used by any brewer for purposes other than those herein described, or the brewery bottling house is, on such date, being used for the bottling of soft drinks, the use of the brewery and bottling house premises for such purposes may be continued by such brewer. The brewery bottling house of any brewery shall not be used for the bottling of the product of any other brewery. Any brewer who uses his brewery or bottling house contrary to the provisions of this subsection shall be fined not more than \$50 with respect to each day upon which any such use occurs."

Bottling house; use restricted.

Established breweries used for other purposes.

Bottling products of another brewery.
Penalty for violation.

SEC. 318. The Secretary of the Treasury may, by regulations, authorize the amelioration of wine by the winemaker and the fortification of wine, without supervision by any officer of the United States, whenever he determines that such authorization may be made without danger to the revenue.

Amelioration of wine, etc., without supervision; regulations for.

SEC. 319. (a) Section 605 of the Revenue Act of 1918 as amended (U. S. C., 1934 ed., title 26, sec. 1151), is amended by inserting, preceding the penalty paragraph the following new paragraph:

Vol. 40, p. 1108.
U. S. C., p. 1141.

"The premises of a rectifier shall be as described in his notice and, whether they consist of an entire building or of rooms in a building, shall have means of ingress from and egress into a public street or yard, or into a public hall or elevator shaft leading into a public street or yard, and shall be used exclusively for the business of rectification and the bottling of liquors rectified by him thereon, and the bottling of wines and spirits without rectification. Notwithstanding the foregoing provisions, where any such premises are, on the date of the enactment of the Liquor Tax Administration Act, being used for purposes other than those herein described, such use may be continued for not more than sixty days after such date. Any rectifier who uses his rectifying premises contrary to the provisions of this paragraph shall be fined not more than \$50 with respect to each day upon which any such use occurs, but shall not, on account of such use, be subject to the penalties otherwise prescribed in this section."

Premises of rectifier; requirements.

Use restricted.

Existing rectifying premises used for other purposes; limited continuance.

Penalty for violation.

(b) Section 605 of the Revenue Act of 1918, as amended, is amended by adding at the end thereof two new paragraphs reading as follows:

Vol. 40, p. 1108.
Rectification of wines.

"The filtering, clarifying, or purifying of wines on bonded winery premises or bonded storeroom premises shall not be deemed to be rectification within the meaning of paragraph 'Third' of section 3244 of the Revised Statutes (U. S. C., 1934 ed., title 26, sec. 1398 (f)). The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe such regulations under this section as he deems necessary.

Filtering, clarifying, etc., on bonded premises not rectification.

R. S., sec. 3244, p. 623.
U. S. C., p. 1179.

Regulations.

"The manufacture of vermouth with fortified sweet wine on bonded winery premises shall not be deemed to be rectification within the meaning of paragraph 'Third' of section 3244 of the Revised Statutes, if distilled spirits are not added to the fortified sweet wine used in the manufacture thereof or to such vermouth during or after its manufacture. Such vermouth may be manufactured on

Manufacture of vermouth with fortified sweet wine on bonded premises.

R. S., sec. 3244, p. 623.
U. S. C., p. 1179.

Operations restricted.

Supervision; regula-
tions.

Vol. 40, p. 1110.
U. S. C., p. 1164.

Tax on still wines.

Vol. 40, p. 1110; *Ante*,
p. 988.
U. S. C., p. 1164;
Supp. I, p. 184.

Tax on sparkling
wines, etc., on bonded
premises, when sold or
removed, etc.

Refund of certain
prior levies.

bonded winery premises, but only in a separate department thereof having no interior communication with any other department or part of such premises, under such supervision and in accordance with such regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe."

(c) So much of section 611 of the Revenue Act of 1918, as amended (relating to the tax on still wines) (U. S. C., 1934 ed., title 26, sec. 1300 (a) (1)), as reads:

"On wines containing not more than 14 per centum of absolute alcohol, 10 cents per wine gallon, the per centum of alcohol under this section to be reckoned by volume and not by weight;

"On wines containing more than 14 per centum and not exceeding 21 per centum of absolute alcohol, 20 cents per wine gallon;

"On wines containing more than 21 per centum and not exceeding 24 per centum of absolute alcohol, 40 cents per wine gallon;"

is amended to read as follows:

"On wines containing not more than 14 per centum of absolute alcohol, 5 cents per wine gallon, the per centum of alcohol under this section to be reckoned by volume and not by weight;

"On wines containing more than 14 per centum and not exceeding 21 per centum of absolute alcohol, 10 cents per wine-gallon;

"On wines containing more than 21 per centum and not exceeding 24 per centum of absolute alcohol, 20 cents per wine-gallon;"

(d) Section 613 of the Revenue Act of 1918, as amended (U. S. C., 1934 ed., title 26, sec. 1300 (a) (2); U. S. C., 1934 ed., Supp. I, title 26, sec. 1300 (a) (2)), is amended to read as follows:

"SEC. 613. (a) Upon the following articles which are produced in or imported into the United States, after the date of the enactment of the Liquor Tax Administration Act, or which on the day after such date are on any winery premises or other bonded premises or in transit thereto or at any customhouse, there shall be levied, collected, and paid, in lieu of the internal-revenue taxes imposed thereon by law prior to such date, taxes at rates as follows, when sold, or removed for consumption or sale:

"On each bottle or other container of champagne or sparkling wine, 2½ cents on each one-half pint or fraction thereof;

"On each bottle or other container of artificially carbonated wine, 1¼ cents on each one-pint or fraction thereof;

"On each bottle or other container of liqueurs, cordials, or similar compounds, by whatever name sold or offered for sale, containing sweet wine, citrus-fruit wine, peach wine, cherry wine, berry wine, apricot wine, or apple wine, fortified, respectively, with grape brandy, citrus-fruit brandy, peach brandy, cherry brandy, berry brandy, apricot brandy, or apple brandy, 1¼ cents on each one-half pint or fraction thereof;

"Any of the foregoing articles containing more than 24 per centum of absolute alcohol by volume (except vermouth, liqueurs, cordials, and similar compounds made in rectifying plants and containing tax-paid sweet wine, citrus-fruit wine, peach wine, cherry wine, berry wine, apricot wine, or apple wine, fortified, respectively, with grape brandy, citrus-fruit brandy, peach brandy, cherry brandy, berry brandy, apricot brandy, or apple brandy) shall be classed as distilled spirits and shall be taxed accordingly.

"The Commissioner of Internal Revenue, subject to regulations prescribed by the Secretary of the Treasury, is authorized to remit, refund, and pay back the amount of all taxes on such liqueurs, cordials, and similar compounds paid by or assessed against rectifiers at the distilled spirits rate prior to the date of the enactment of the Liquor Tax Administration Act."

SEC. 320. Section 609 of the Revenue Act of 1918 (26 U. S. C., sec. 515) is amended by striking out the words "industrial distillery of either class established under the Act entitled 'An Act to reduce tariff duties and to provide a revenue for the Government, and for other purposes', approved October 3, 1913", and substituting therefor the words "industrial alcohol plant".

Vol. 40, p. 1109.
Removal of fermented liquors to industrial alcohol plant.

SEC. 321. Each retail liquor dealer shall provide at his own expense, and keep in his place of business, a record in book form, or shall keep all invoices of, and bills for, all distilled spirits, wines, and fermented malt liquors received, the quantity thereof, and from whom and the date when received. Such records, invoices, and bills shall be open to inspection during the usual business hours of the retailer by Government officers upon identification and request. Such records, invoices, and bills shall be kept for a period of two years after the time of the transactions to which they relate. For each willful violation of the provisions hereof the retailer shall be subject to a fine of \$25.

Retail liquor dealers to keep records, etc.

Open to official inspection.

Retention for two years.

Penalty for violation.

SEC. 322. Section 3237 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, secs. 1402 (b) and 1403), is amended to read as follows:

R. S., sec. 3237, p. 621.
U. S. C., p. 1179.

"SEC. 3237. (a) All special taxes shall become due on the 1st day of July in each year, or on commencing any trade or business on which such tax is imposed. In the former case the tax shall be reckoned for one year, and in the latter case it shall be reckoned proportionately, from the 1st day of the month in which the liability to a special tax commenced, to and including the 30th day of June following.

When special taxes become due.

"(b) It shall be the duty of the special taxpayers to render their returns with remittances to the collector at such times within the calendar month in which the special tax liability commenced as shall enable him to receive such returns, duly signed and verified, together with the remittances, not later than the last day of the month, except in cases of sickness or absence, as provided for in section 3176 of the Revised Statutes, as amended."

Time for rendering returns.

SEC. 323. Paragraph "Fourth" of section 3244 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, sec. 1394 (a) and (b) (1), and sec. 1398 (a) and (b)), is amended to read as follows:

Exceptions.
R. S., sec. 3176, p. 610.
U. S. C., p. 1191.

"Fourth. (a) Retail dealers in liquors shall pay a special tax of \$25. Every person who sells, or offers for sale, foreign or domestic distilled spirits, wines, or malt liquors, otherwise than as hereinafter provided, in less quantities than five wine-gallons to the same person at the same time, shall be regarded as a retail dealer in liquors: *Provided*, That the Commissioner of Internal Revenue may, by regulations, with the approval of the Secretary of the Treasury, provide for the issuance of a stamp denoting payment of such special tax as a 'retail dealer in wines' or a 'retail dealer in wines and malt liquors' if, as the case may be, wines only, or wines and malt liquors only, are sold by a retail dealer in liquors: *And provided further*, That the tax required to be paid by this paragraph shall, in case of a retail drug store or pharmacy making sales of liquors through a duly licensed pharmacist, be designated as a 'medicinal spirits stamp tax': *And provided further*, That any retail dealer in liquors or retail dealer in malt liquors whose business is such as to require him to travel from place to place in different States of the United States may, under regulations prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, procure a special-tax stamp 'At Large' covering his activities throughout the United States with the payment of but one special tax as a retail dealer in liquors or as a retail dealer in malt liquors, as the case may be.

R. S., sec. 3244, p. 622.
U. S. C., pp. 1177, 1178.

Retail dealers in liquors, special tax.
Term construed.

Providos.
Special stamp to denote payment.

"Medicinal spirits stamp tax."

"At Large" stamps.

Wholesale dealers in
liquors, special tax.
Term construed.

Proviso.
Special stamp to de-
note payment.

Restrictions.

Bonded distiller sell-
ing own production.

Retail dealer not
deemed wholesale
dealer by reason of cer-
tain quantity sales.

Sales at purchaser's
place of business.
No additional special
tax required.

R. S., sec. 3244, p. 622.
U. S. C., pp. 1177,
1178.

Retail dealer in malt
liquors, special tax.
Term defined.

Wholesale dealer in
malt liquors, special
tax.
Term defined.

Restrictions.

Proviso.
Brewer selling own
product in original
stamped barrels.

"(b) Wholesale dealers in liquors shall pay a special tax of \$100. Every person who sells, or offers for sale, foreign or domestic distilled spirits, wines, or malt liquors, otherwise than as hereinafter provided, in quantities of five wine-gallons or more to the same person at the same time, shall be regarded as a wholesale dealer in liquors: *Provided*, That the Commissioner of Internal Revenue may, by regulations, with the approval of the Secretary of the Treasury, provide for the issuance of a stamp denoting payment of such special tax as a 'wholesale dealer in wines' or a 'wholesale dealer in wines and malt liquors' if, as the case may be, wines only, or wines and malt liquors only, are sold by a wholesale dealer in liquors. A qualified wholesale dealer in liquors may not sell distilled spirits, wines, or malt liquors in quantities of less than five wine-gallons without incurring liability to special tax as a retail dealer in liquors. A qualified retail dealer in liquors may not sell such liquors in quantities of five wine-gallons or more to the same person at the same time without incurring liability to special tax as a wholesale dealer in liquors. But no distiller who has given the required bond and who sells only distilled spirits of his own production at the place of manufacture, or at the place of storage in bond, in the original packages to which the tax-paid stamps are affixed, shall be required to pay the special tax of a wholesale dealer in liquors on account of such sales.

"(c) No retail dealer in liquors shall be held to be a wholesale dealer in liquors solely by reason of sales of five wine-gallons or more to the same person at the same time if such sales are for immediate consumption on the premises where sold.

"(d) No wholesale or retail dealer in liquors who has paid the special tax as such a dealer shall again be required to pay special tax as such dealer on account of sales of beer, lager beer, ale, porter, or other similar fermented malt liquor to wholesale or retail dealers in liquors or wholesale or retail dealers in malt liquors consummated at the purchaser's place of business covered by the stamp issued to him to denote the payment of the special tax imposed upon such dealers."

SEC. 324. Paragraph "Fifth" of section 3244 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, secs. 1394 (d), 1394 (e) (1) and (2), 1396, and 1398 (d) and (e)), is amended to read as follows:

"Fifth. (a) Retail dealers in malt liquors shall pay a special tax of \$20. Every person who sells, or offers for sale, malt liquors in less quantities than five gallons to the same person at the same time, and does not deal in distilled spirits or wines, shall be regarded as a retail dealer in malt liquors.

"(b) Wholesale dealers in malt liquors shall pay a special tax of \$50. Every person who sells, or offers for sale, malt liquors in quantities of five gallons or more, to the same person at the same time, and who does not deal in distilled spirits or wines at wholesale, shall be regarded as a wholesale dealer in malt liquors. A qualified wholesale dealer in malt liquors may not sell such liquors in quantities of less than five gallons without incurring liability to special tax as a retail dealer in malt liquors. A qualified retail dealer in malt liquors may not sell such liquors in quantities of five gallons or more to the same person at the same time without incurring liability to special tax as a wholesale dealer in malt liquors: *Provided*, That no brewer shall be obliged to pay special tax as a dealer by reason of selling in the original stamped hogsheads, barrels, or kegs, whether at the place of manufacture or elsewhere, malt liquors manufactured by him or purchased and procured by him in

his own hogsheds, barrels, or kegs, under the provisions of section 3349 of the Revised Statutes, as amended, but the quantity of malt liquors so purchased shall be included in calculating the liability to brewers' special tax of both the brewer who manufactures and sells the same and the brewer who purchases the same.

R. S., sec. 3349, p. 654.
U. S. C., p. 1169.

"(c) No collection of special tax as a retail dealer in malt liquors shall be made from brewers for selling malt liquors of their own manufacture in the original stamped eighth-barrel packages.

Brewer selling own product in original stamped package.

"(d) No special tax shall be held to accrue on a sale of distilled spirits, wines, or malt liquors made by a person who is not otherwise a dealer in liquors, where such spirits, wines, or liquors have been received by the person so selling as security for or in payment of a debt, or as executor, administrator, or other fiduciary, or have been levied on by any officer, under order or process of any court or magistrate, and where such spirits are sold by such person in one parcel only, or at public auction in parcels not less than twenty wine-gallons, nor shall such tax be held to accrue on a sale made by a retiring partner, or the representatives of a deceased partner to the incoming, remaining, or surviving partner or partners of a firm. Nor shall the special tax of a wholesale dealer in liquors or wholesale dealer in malt liquors be held to apply to a retail dealer in liquors or a retail dealer in malt liquors, because of such retail dealer selling out his entire stock of liquors in one parcel, or in parcels embracing not less than his entire stock of distilled spirits, of wines, or of malt liquors. Section 3319 of the Revised Statutes shall not be held to prohibit a rectifier or liquor dealer from purchasing, in quantities greater than twenty wine-gallons, the distilled spirits sold in one parcel as aforesaid.

Special tax exemptions.

Retail dealer selling entire stock, etc.

R. S., sec. 3319, p. 644.
U. S. C., p. 1153.

"(e) No retail dealer in malt liquors shall be held to be a wholesale dealer in malt liquors solely by reason of sales of five gallons or more to the same person at the same time if such sales are for immediate consumption on the premises where sold.

Retail dealer in malt liquors not deemed wholesale dealer by reason of certain quantity sales.

"(f) No wholesale or retail dealer in malt liquors who has paid the special tax as such a dealer shall again be required to pay special tax as such dealer on account of sales of beer, lager beer, ale, porter, or other similar fermented malt liquor to wholesale or retail dealers in liquors or wholesale or retail dealers in malt liquors consummated at the purchaser's place of business covered by the stamp issued to him to denote the payment of the special tax imposed upon such dealers.

Malt liquor sales consummated at purchaser's place of business.

"(g) Notwithstanding the foregoing provisions of this section, each person making sales of fermented malt liquor to the members, guests, or patrons of bona-fide fairs, reunions, picnics, carnivals, or other similar outings, and each fraternal, civic, church, labor, charitable, benevolent, or ex-service men's organization making sales of fermented malt liquor on the occasion of any kind of entertainment, dance, picnic, bazaar, or festival, held by it, if such person or organization is not otherwise engaged in business as a dealer in malt liquors, shall pay, before any such sales are made and in lieu of the special tax imposed by subdivision (a) of this paragraph, a special tax of \$2 as a retail dealer in malt liquors, for each calendar month in which any such sales are made."

Sales at fairs, etc., by persons not regularly engaged in business as dealer.

Tax imposed.

SEC. 325. Section 3450 of the Revised Statutes (U. S. C., 1934 ed., title 26, sec. 1441) is hereby reenacted and amended by striking out "fine or penalty of not more than \$500" appearing at the end of the second sentence thereof, and inserting in lieu thereof the words "fine of not more than \$5,000 or be imprisoned for not more than three years, or both".

R. S., sec. 3450, p. 682.
U. S. C., p. 1182.
Removing or concealing with attempt to defraud.

Penalty.

Liquor Taxing Act of 1934, amendment.
Vol. 48, p. 316;
U. S. C., p. 1143.
Exchange of damaged, unused, etc., stamps.

Refunds.

Provisos.
Minimum quantity.

Time limit for claim for exchange or refund.

Annual appropriation authorized.

Brewer's losses, refunds or credits against taxes.

Conditions.

Time limitation.

Issue of stamps to cover credit.

Rules, etc.

R. S., sec. 3246, p. 625.
U. S. C., p. 1178.

Winemakers; special tax not imposed in certain cases.

Proviso.
Place of sale.

SEC. 326. Section 203 of the Liquor Taxing Act of 1934 is amended by adding a new paragraph at the end thereof, as follows:

"The Commissioner of Internal Revenue, under regulations approved by the Secretary of the Treasury, may issue new stamps in exchange for any unused stamps issued under this Act that have been spoiled by fire or water, or rendered useless by erroneous overprinting or cutting; or may refund the value of any unused stamps for which the lawful owner has no use due to the discontinuance or transfer of his business: *Provided*, That stamps may be exchanged, or the value thereof refunded, only in quantities of the value of \$5 or more: *And provided further*, That no claim for the exchange of such stamps or refund therefor shall be allowed unless presented within one year after the date on which such stamps were purchased, or, in the case of any such stamps so spoiled or rendered useless or for which the lawful owner had no use due to the discontinuance or transfer of his business prior to the date of the enactment of the Liquor Tax Administration Act, within one year after such date. There are hereby authorized to be appropriated annually, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the provisions of this paragraph."

SEC. 327. (a) The Commissioner of Internal Revenue shall make refund, or in lieu thereof, if he so elects, allow credit to a brewer in the amount of tax paid by such brewer on any beer, lager beer, ale, porter, or other similar fermented malt liquor manufactured by such brewer which has become unsalable by reason of its condition, upon the filing of a claim therefor by the brewer and proof by him to the satisfaction of the Commissioner that such beer, lager beer, ale, porter, or other similar fermented malt liquor (1) was fully tax-paid, (2) was lawfully removed from his brewery to his bottling house on or after March 22, 1933, (3) never was removed from such bottling house, except in the process of destruction or for return to the brewery, (4) had become unsalable without fraud, connivance, or collusion on his part, and (5) was destroyed by him in such bottling house in the presence of a representative of the Bureau of Internal Revenue, or was returned from such bottling house to the brewery in which made for use therein as brewing material.

(b) No such claim shall be allowed unless filed within ninety days after such destruction or return to the brewery for use as brewing material, or, in the case of any beer, lager beer, ale, porter, or other similar fermented malt liquor so destroyed or returned before the date of the enactment of this Act, within ninety days after such date.

(c) The Commissioner is authorized to issue to the brewer to whom a credit is allowed pursuant to this section stamps in an amount equal to such credit, for use by him in the payment of the tax upon beer, lager beer, ale, porter, or other similar fermented malt liquor manufactured by him.

(d) The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, is authorized to make such rules and regulations as may be necessary to carry out the provisions of this section.

SEC. 328. Section 3246 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, sec. 1394 (g), (h), and (i)), is amended to read as follows:

"SEC. 3246. (a) Nothing in this chapter shall be construed to impose a special tax upon winemakers who have qualified as such under the internal-revenue laws and regulations, and who sell wines of their own production where the same are made or at the general business office of such winemaker: *Provided*, That no winemaker shall have more than one place of business for the sale of such wine that shall be exempt from the special tax.

"(b) No special tax shall be imposed upon apothecaries as to wines or spirituous liquors which they use exclusively in the preparation or making up of medicines unfit for use for beverage purposes.

Apothecaries; wines, etc., used in medicines.

"(c) No special tax shall be imposed upon manufacturing chemists or flavoring-extract manufacturers for recovering tax-paid alcohol or spirituous liquors from dregs or marc of percolation, or extraction, if such recovered alcohol or spirituous liquors be again used in the manufacture of medicines or flavoring extracts of the kind in the production of which originally used."

Manufacturing chemists and flavoring-extract manufacturers, recovery of alcohol, etc., by.

SEC. 329. (a) Section 3 of Title III of the National Prohibition Act, as amended (U. S. C., 1934 ed., title 27, sec. 73; U. S. C., 1934 ed., Supp. I, title 27, sec. 73), is amended by adding at the end thereof the following new sentence: "Permanent tanks and other structures located on the industrial alcohol plant premises and approved by the Commissioner, shall be deemed to be warehouses within the meaning of this section."

Warehouses. Permanent tanks, etc., as. Vol. 41, p. 319; *Ante*, p. 876. U. S. C., p. 1221; Supp. I, p. 187.

(b) The third paragraph of section 11 of Title III of the National Prohibition Act, as amended and supplemented, is amended by inserting after the word "sanatorium" a comma and the following: "or for the use of any clinic operated for charity and not for profit, including use in the compounding of bona fide medicines for treatment outside of such clinics of patients thereof, but not for sale".

Charity clinics, etc. Withdrawal of tax free alcohol for. Vol. 41, p. 321; *Ante*, p. 876. U. S. C., p. 1221; Supp. I, p. 187.

(c) Title III of the National Prohibition Act, as amended, and all provisions of the internal revenue laws relating to the enforcement thereof, are hereby extended to and made applicable to Puerto Rico and the Virgin Islands, from and after August 27, 1935. The respective Insular Governments shall advance to the Treasury of the United States such funds as may be required from time to time by the Secretary of the Treasury for the purpose of defraying all expenses incurred by the Treasury Department in connection with the enforcement in Puerto Rico and the Virgin Islands of the said Title III and regulations promulgated thereunder. The funds so advanced shall be deposited in a separate trust fund in the Treasury of the United States and shall be available to the Treasury Department for the purposes of this subsection.

Puerto Rico and Virgin Islands. Provisions extended to. Vol. 41, p. 319; U. S. C., p. 1220. Advances by respective governments for administrative expenses.

Deposit of, as separate trust fund.

SEC. 330. The last paragraph of section 610 of the Revenue Act of 1918, as amended (U. S. C., 1934 ed., Supp. I, title 26, sec. 1310 (d)), is amended to read as follows:

Ante, p. 987. U. S. C., Supp. I, p. 185.

"The provisions of the internal-revenue laws applicable to natural wine shall apply in the same manner and to the same extent to citrus-fruit wines, peach wines, cherry wines, berry wines, apricot wines, and apple wines, which are the products, respectively, of normal alcoholic fermentation of the juice of sound ripe (1) citrus-fruit (except lemons and limes), (2) peaches, (3) cherries, (4) berries, (5) apricots, or (6) apples, with or without the addition of dry cane, beet, or dextrose sugar (containing, respectively, not less than 95 per centum of actual sugar, calculated on a dry basis) for the purpose of perfecting the product according to standards, but without the addition or abstraction of other substances, except as may occur in the usual cellar treatment of clarifying or aging."

Provisions applicable to natural wine extended.

SEC. 331. Section 612 of the Revenue Act of 1918, as amended (U. S. C., 1934 ed., Supp. I, title 26, sec. 1301) is amended to read as follows:

Ante, p. 988. U. S. C., Supp. I, p. 184.

"SEC. 612. (a) Under such regulations and official supervision and upon the giving of such notices and entries as the Commissioner, with the approval of the Secretary, may prescribe, any producer of wines defined under the provisions of this title may withdraw from any fruit distillery or Internal Revenue Bonded Warehouse grape brandy, or wine spirits, for the fortification of such wines on the

Fortification of wines, withdrawing grape brandy or wine spirits for. Provisions extended.

Provisos.
Tax imposed.

Bond.

Tax abated or re-
funded when wines de-
stroyed, etc.

Tax exemption not
implied.

Removal of, tax free,
for manufacture of vin-
egar, etc.

Dealcoholized wines,
tax exempt.

Vol. 40, p. 1111; *Ante*,
p. 988.
U. S. C., Supp. I,
p. 184.

Fortification of wines;
limitation on use of
designated brandies.

premises where actually made, and any producer of citrus-fruit wines, peach wines, cherry wines, berry wines, apricot wines, or apple wines may similarly withdraw citrus-fruit brandy, peach brandy, cherry brandy, berry brandy, apricot brandy, or apple brandy for the fortification, respectively, of citrus-fruit wines, peach wines, cherry wines, berry wines, apricot wines, or apple wines, on the premises where actually made: *Provided*, That after the date of the enactment of the Liquor Tax Administration Act there shall be levied and assessed against the producer of such wines or citrus-fruit wines, peach wines, cherry wines, berry wines, apricot wines, or apple wines (in lieu of the internal-revenue tax now imposed thereon by law) a tax of 10 cents per proof-gallon of grape brandy, citrus-fruit brandy, peach brandy, cherry brandy, berry brandy, apricot brandy, apple brandy, or wine spirits, whenever withdrawn and so used by him after such date in the fortification of such wines or citrus-fruit wines or peach wines, cherry wines, berry wines, apricot wines, or apple wines during the preceding month, which assessment shall be paid by him within eighteen months from the date of notice thereof: *Provided*, That every producer of wine who withdraws such brandy, citrus-fruit brandy, peach brandy, cherry brandy, berry brandy, apricot brandy, apple brandy, or wine spirits shall give bond to fully cover at all times prior to payment of the assessment the amount of tax due on such brandy, citrus-fruit brandy, peach brandy, cherry brandy, berry brandy, apricot brandy, apple brandy, or wine spirits, which bond shall be in such form as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall, by regulations, prescribe. When such wines are destroyed or sold or removed for the manufacture of vinegar, or the production of dealcoholized wines containing less than one-half of 1 per centum of alcohol by volume, the tax under this section on such grape brandy, citrus-fruit brandy, peach brandy, cherry brandy, berry brandy, apricot brandy, apple brandy, or wine spirits shall, under such regulations as the Secretary may prescribe, be abated or refunded.

"(b) Nothing contained in this section shall be construed as exempting any wines, citrus-fruit wines, peach wines, cherry wines, berry wines, apricot wines, apple wines, cordials, liqueurs, or similar compounds from the payment of any tax provided for in this title.

"(c) Any such wines, or citrus-fruit wines, or peach wines, cherry wines, berry wines, apricot wines, apple wines, may, under such regulations as the Secretary may prescribe, be sold or removed tax free for the manufacture of vinegar, or for the production of dealcoholized wines containing less than one-half of 1 per centum of alcohol by volume.

"(d) The taxes imposed by this section shall not apply to dealcoholized wines containing less than one-half of 1 per centum of alcohol by volume."

SEC. 332. Section 42 of the Act entitled "An Act to reduce the revenue and equalize duties on imports, and for other purposes", approved October 1, 1890, as amended (U. S. C., 1934 ed., Supp. I, title 26, sec. 1302), is amended by inserting at the end thereof the following new paragraph:

"The provisions of this section and section 43 shall apply to the use of peach brandy, cherry brandy, berry brandy, apricot brandy, and apple brandy, in the preparation, respectively, of fortified peach wines, cherry wines, berry wines, apricot wines, and apple wines, in the same manner and to the same extent as such provisions apply to the use of wine spirits in the fortification of sweet wines; except that (1) no brandy other than peach brandy may be used in the

fortification of peach wine and peach brandy may not be used for the fortification of any wine other than peach wine, (2) no brandy other than cherry brandy may be used in the fortification of cherry wine and cherry brandy may not be used for the fortification of any wine other than cherry wine, (3) no brandy other than berry brandy may be used in the fortification of berry wine and a berry brandy prepared from one kind of berry may not be used for the fortification of a berry wine prepared from another kind of berry or for the fortification of any wine other than berry wine, (4) no brandy other than apricot brandy may be used in the fortification of apricot wine and apricot brandy may not be used for the fortification of any wine other than apricot wine, and (5) no brandy other than apple brandy may be used in the fortification of apple wine and apple brandy may not be used for the fortification of any wine other than apple wine."

SEC. 333. The first proviso of section 3255 of the Revised Statutes, as amended (U. S. C., 1934 ed., Supp. I, title 26, sec. 1176), is amended by inserting after "citrus-fruit wine", wherever it appears, the words "peach wine, cherry wine, berry wine, apricot wine, or apple wine"; and by inserting after "citrus-fruit brandy" the words "peach brandy, cherry brandy, berry brandy, apricot brandy, or apple brandy".

R. S., sec. 3255, p. 627;
Ante, p. 988.
U. S. C., Supp. I,
p. 184.
Brandy distillers.
Certain exemptions
of, extended.

SEC. 334. Section 618 (b) of the Revenue Act of 1918 (U. S. C., 1934 ed., title 26, sec. 1304) is amended to read as follows:

Vol. 40, p. 1113.
U. S. C., p. 1165.

"(b) Under regulations prescribed by the Commissioner with the approval of the Secretary, it shall be lawful to produce grape wines, citrus-fruit wines, peach wines, cherry wines, berry wines, apricot wines, and apple wines on bonded winery premises by the usual method, and to transport and use the same, and like wines heretofore produced and now stored on bonded winery premises, as distilling material in any fruit-brandy distillery or industrial-alcohol plant."

Use of wines as dis-
tilling material.

SEC. 335. Section 620 of the Revenue Act of 1918 (U. S. C., 1934 ed., title 26, sec. 1309) is amended by striking out the following: "or whoever rectifies, mixes, or compounds with distilled spirits any domestic wines, other than in the manufacture of liqueurs, cordials, or similar compounds."

Vol. 40, p. 1113.
U. S. C., p. 1166.
Mixing domestic
wines with distilled
spirits.

SEC. 336. The tax imposed by section 601 (c) (3) of the Revenue Act of 1932, as amended (relating to the tax on grape concentrate, and so forth), shall not apply to any sale or importation after the date of the enactment of this Act.

Grape concentrate.
Excise tax repealed.
Vol. 47, p. 260.

SEC. 337. The third proviso of paragraph 1798 of the Tariff Act of 1930 is amended to read as follows: "*Provided further*, That up to but not exceeding \$100 in value (including distilled spirits, wines, and malt liquors aggregating not more than one wine-gallon) of articles acquired abroad by such residents of the United States for personal or household use or as souvenirs or curios, but not bought on commission or intended for sale, shall be admitted free of duty."

Allowance for per-
sonal purchases abroad.
Liquor, etc., impor-
tations limited to one
wine-gallon.
Vol. 46, p. 683.

SEC. 338. Section 616 of the Revenue Act of 1918 (U. S. C., 1934 ed., title 26, sec. 1306) is amended by striking out "and shall, prior to sale or removal for consumption, affix to each cask or vessel containing such wine such marks, labels, or stamps as the Commissioner, with the approval of the Secretary, may from time to time prescribe", and inserting in lieu thereof "and shall, prior to sale or removal for consumption, affix to each cask, barrel, bottle, or other immediate container, and to each case or other shipping container, of such wine, such marks, labels, or stamps as the Commissioner, with the approval of the Secretary, may from time to time prescribe as to each".

U. S. C., p. 1165.
Marks, labels, etc.,
to be affixed to con-
tainers.

Title IV.

TITLE IV

Bottling fermented liquors.
R. S., sec. 3354, p. 654.
U. S. C., p. 1169.

SECTION 401. (a) Section 3354 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, sec. 1336), is amended by striking out "keg, or other vessel" and inserting in lieu thereof "or keg".

Transporting liquor from brewery to bottling house by pipe or conduit.
Tax payment provision.

(b) Such section 3354 of the Revised Statutes, as amended, is further amended by striking out the first sentence of the second proviso thereof and inserting in lieu thereof the following: "*Provided further*, That the tax imposed by law on fermented liquor shall be paid on all fermented liquor removed from a brewery to a bottling house by means of a pipe or conduit, at the time of such removal by the cancelation and defacement, by the officer designated by the Commissioner of Internal Revenue, in the presence of the brewer, of the number of stamps denoting the tax on the fermented liquor thus removed, or in such other manner as may be prescribed by regulations issued by the Commissioner of Internal Revenue with the approval of the Secretary of the Treasury.

Administrative rules.

(c) The Commissioner of Internal Revenue is hereby authorized, with the approval of the Secretary of the Treasury, to make all rules and regulations necessary to carry out the provisions of this section.

Vol. 46, p. 694.
U. S. C., p. 872.

SEC. 402. Section 313 (d) of the Tariff Act of 1930 (U. S. C., 1934 ed., title 19, sec. 1313 (d)) is amended by adding thereto the following:

Drawback, exportation of bottled distilled spirits and wines.

"Upon the exportation of bottled distilled spirits and wines manufactured or produced in the United States on which an internal-revenue tax has been paid, there shall be allowed, under regulations to be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, a drawback equal in amount to the tax found to have been paid on such bottled distilled spirits and wines: *Provided*, That such distilled spirits and wines have been bottled especially for export, under regulations prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury."

Proviso.
Bottled especially for export, etc.

Drawback, distilled spirits and wines; regulations for payment, etc.

SEC. 403. Section 313 (i) (3) of the Tariff Act of 1930 (U. S. C., 1934 ed., title 19, sec. 1313 (i)) is amended by striking therefrom the word "alcohol" and inserting in lieu thereof the words "distilled spirits and wines".

Vol. 46, p. 695.
U. S. C., p. 873.

Bonded manufacturing warehouses.
Vol. 46, p. 692.
U. S. C., p. 872.

SEC. 404. Section 311 of the Tariff Act of 1930 (U. S. C., 1934 ed., title 19, sec. 1311) is amended by adding a paragraph at the end thereof, reading as follows:

Distilled spirits and wine, rectified in, etc.

"Distilled spirits and wines which are rectified in bonded manufacturing warehouses, class six, and distilled spirits which are reduced in proof and bottled in such warehouses, shall be deemed to have been manufactured within the meaning of this section, and may be withdrawn as hereinbefore provided, and likewise for shipment in bond to Puerto Rico, subject to the provisions of this section, and under such regulations as the Secretary of the Treasury may prescribe, there to be withdrawn for consumption or be rewarehoused and subsequently withdrawn for consumption: *Provided*, That upon withdrawal in Puerto Rico for consumption, the duties imposed by the customs laws of the United States shall be collected on all imported merchandise (in its condition as imported) and imported containers used in the manufacture and putting up of such spirits and wines in such warehouses: *Provided further*, That no internal-revenue tax shall be imposed on distilled spirits and wines rectified in class six warehouses if such distilled spirits and wines are exported or shipped in accordance with the provisions of this section, and that no person rectifying distilled spirits or wines in such warehouses shall be subject by reason of such rectification to the payment of special tax as a rectifier."

Shipments in bond to Puerto Rico.

Provisos.
Collection of duties.

Tax on spirits, etc., rectified in class six warehouses; provisions.

SEC. 405. Section 51 of the Act of August 27, 1894, as amended (U. S. C., 1934 ed., title 26, sec. 1265; U. S. C., 1934 ed., Supp. I, title 26, sec. 1265), is amended to read as follows:

"SEC. 51. The Commissioner of Internal Revenue shall be, and is hereby, authorized, in his discretion, and upon the execution of such bonds as he may prescribe, to establish warehouses, to be known and designated as Internal Revenue Bonded Warehouses, to be used exclusively for the storage of spirits distilled at a registered distillery, each of which warehouses shall be in charge of a storekeeper-gauger to be appointed, assigned, transferred, and paid in the same manner as such officers for distillery warehouses have been appointed, assigned, transferred, and paid prior to the date of enactment of the Liquor Tax Administration Act. Every such warehouse shall be under the control of the District Supervisor of the Alcohol Tax Unit district in which such warehouse is located, and shall be in the joint custody of the storekeeper-gauger and proprietor thereof, and kept securely locked, and shall at no time be unlocked or opened or remain open except in the presence of such storekeeper-gauger or other person who may be designated to act for him. No dwelling house shall be used for such a warehouse, and no door, window, or other opening shall be made or permitted in the walls of such warehouse leading into a distillery. Such warehouses shall be under such further regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe."

SEC. 406. (a) Section 3271 of the Revised Statutes (U. S. C., 1934 ed., title 26, sec. 1225) is repealed: *Provided, however*, That the repeal of said section shall not relieve any distiller of liability for any taxes or penalties arising out of the use of, or storage of distilled spirits in, a distillery warehouse authorized, approved or maintained under such section 3271 of the Revised Statutes.

(b) All distillery, general, and special bonded warehouses heretofore established according to law and on the date of the enactment of this Act actually being lawfully used for the storage of spirits distilled at a registered distillery on which the tax has not been paid shall be designated as Internal Revenue Bonded Warehouses, and, upon the filing of such new bonds, or the consent of sureties on such existing bonds, covering spirits in such distillery, general, or special bonded warehouses, as the Commissioner shall consider adequate to insure the payment of taxes due to the United States, may be used under such rules and regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe, for the storage of distilled spirits (other than alcohol) heretofore or hereafter produced.

SEC. 407. The distinction between distillery bonded warehouses, general bonded warehouses, and special bonded warehouses is hereby removed, and any warehouse for the storage of spirits distilled at a registered distillery, prior to tax-payment, shall be operated as an Internal Revenue Bonded Warehouse. The establishment, construction, maintenance, and supervision of Internal Revenue Bonded Warehouses shall be under such regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe.

SEC. 408. Internal Revenue Bonded Warehouses established under authority of law shall be exempt from the provisions of those sections of law which, prior to the date of enactment of this Act have made distinctions between distillery bonded warehouses, general bonded warehouses, and special bonded warehouses, as to (1) kind of spirits to be stored therein; (2) ownership or production of distilled spirits to be stored therein; (3) ownership or proprietorship of such warehouses; (4) location and construction of such bonded

Vol. 28, p. 564; *Ante*, p. 989.
U. S. C., p. 1160; Supp. I, p. 184.

Internal Revenue Bonded Warehouses.
Establishment, for storage of spirits distilled at registered distillery.

Storekeeper-gauger, in charge.

Control, custody, etc.

Restrictions and regulations.

Distillery warehouses; section repealed.
R. S., sec. 3271, p. 632.
U. S. C., p. 1155.
Proviso.
Liabilities not released.

Designation of existing distillery, general, and special bonded warehouses as Internal Revenue Bonded Warehouses.

Use of.

Distinctions removed.

Regulations.

Exemptions from designated provisions of law.

Vol. 28, p. 564.	warehouses; (5) entry of distilled spirits therein; (6) withdrawal of distilled spirits therefrom; (7) transfers of distilled spirits to or from one or more of such classes of bonded warehouses; or (8) any other matter; it being hereby declared to be the purpose of the amendment to section 51 of the Act of August 27, 1894, made by section 407 hereof, to establish the Internal Revenue Bonded Warehouse as the sole type and kind of bonded warehouse under the internal revenue laws for the storage of spirits distilled at a registered distillery on which the tax has not been paid.
R. S., sec. 3296, p. 638. U. S. C., p. 1163.	SEC. 409. Section 3296 of the Revised Statutes (U. S. C., 1934 ed., title 26, sec. 1287) is amended to read as follows:
Removal, etc., of distilled spirits, tax unpaid, to other than Internal Revenue Bonded Warehouse, etc.	"SEC. 3296. Whenever any person removes, or aids or abets in the removal of, any distilled spirits on which the tax has not been paid, to a place other than the Internal Revenue Bonded Warehouse provided by law, or conceals or aids in the concealment of any spirits so removed, or removes, or aids or abets in the removal of, any distilled spirits from any such warehouse authorized by law, in any manner other than is provided by law, or conceals or aids in the concealment of any spirits so removed, he shall be liable to a penalty of double the tax imposed on such distilled spirits so removed or concealed, and shall be fined not less than \$200 nor more than \$5,000, and imprisoned not less than three months nor more than three years."
Penalty.	SEC. 410. Under rules and regulations to be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, distillers may collect in locked tanks distillates containing one-half of 1 per centum or more of aldehydes or 1 per centum or more of fusel oil (heads and tails) removed in the course of distillation. Such distillates containing one-half of 1 per centum or more of aldehydes or more than 1 per centum of fusel oil so collected may be removed for denaturation, under regulations prescribed by the Commissioner of Internal Revenue with the approval of the Secretary of the Treasury, or destroyed in the manner prescribed by the Commissioner of Internal Revenue, under the supervision of an internal revenue officer to be designated by the Commissioner, and when so denatured or destroyed shall not be subject to the tax imposed by law upon distilled spirits.
Distillates containing aldehydes or fusel oil (heads and tails).	SEC. 411. Section 3318 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, secs. 1208 and 1209), is further amended to read as follows:
Disposition.	"SEC. 3318. Every rectifier and wholesale liquor dealer shall keep daily, at his place of business covered by his special tax stamp, a record of distilled spirits received and disposed of by him, and shall render under oath correct transcripts and summaries of such records: <i>Provided</i> , That the Commissioner may in his discretion require such record to be kept at the place where the spirits are actually received and sent out. The records shall be kept and the transcripts shall be rendered in such form, and under such rules and regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe.
R. S., sec. 3318, p. 644. U. S. C., p. 1163.	"The records required to be kept under the provisions of this section and regulations issued pursuant thereto, shall be preserved for a period of four years, and during such period shall be available during business hours for inspection and the taking of abstracts therefrom by the Commissioner or any internal revenue officer.
Records to be kept by rectifiers. Sworn transcripts.	"Every rectifier and wholesale liquor dealer who refuses or neglects to keep such records in the form prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, or to make entries therein, or cancels, alters, or obliterates any
Proviso. Keeping record where spirits received and sent out.	
Preservation of records for four years.	
Penal provisions.	

entry therein (except for the purpose of correcting errors) or destroys any part of such records, or any entry therein, or makes any false entry therein, or hinders or obstructs any internal revenue officer from inspecting such records or taking any abstracts therefrom, or neglects or refuses to preserve or produce such records as required by this Act or by regulations issued pursuant thereto, shall pay a penalty of \$100 and, on conviction, shall be fined not less than \$100 nor more than \$5,000, and be imprisoned not less than three months nor more than three years.

"Every rectifier and wholesale liquor dealer who refuses or neglects to render transcripts or summaries in the form required by the Commissioner, with the approval of the Secretary, shall, upon conviction, be fined not more than \$100 for each such neglect or refusal."

SEC. 412. Section 62 of the Act of August 27, 1894 (U. S. C., 1934 ed., title 26, sec. 1210), is amended to read as follows:

"SEC. 62. No distiller who has given the required bond and who sells only distilled spirits of his own production at the place of manufacture, or at the place of storage in bond, in the original packages to which the tax-paid stamps are affixed, shall be required to pay the special tax of a wholesale liquor dealer on account of such sales: *Provided*, That every distiller shall keep daily a record of such distilled spirits disposed of by him, and shall render under oath correct transcripts and summaries of such records. The records shall be kept and the transcripts shall be rendered in such form, and under such rules and regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe.

"The records required to be kept under the provisions of this section and regulations issued pursuant thereto, shall be preserved for a period of four years, and during such period shall at all times be available, during business hours, for inspection and the taking of abstracts therefrom by the Commissioner or any internal revenue officer.

"Every distiller who refuses or neglects to keep such records in the form prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, or to make entries therein, or cancels, alters, or obliterates any entry therein (except for the purpose of correcting errors) or destroys any part of such records, or any entry therein, or makes any false entry therein, or hinders or obstructs any internal revenue officer from inspecting such records or taking any abstracts therefrom, or neglects or refuses to preserve or produce such records as required by this Act or by regulations issued pursuant thereto, shall pay a penalty of \$100 and, on conviction, shall be fined not less than \$100 nor more than \$5,000, and be imprisoned not less than three months nor more than three years.

"Every distiller who refuses or neglects to render the transcripts or summaries in the form as required by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall, upon conviction, be fined not more than \$100 for each such neglect or refusal."

SEC. 413. All internal-revenue laws of the United States in regard to the manufacture and taxation of, and traffic in, distilled spirits, wines, and malt liquors, and all penalties for violations of such laws, that were in force at the time the National Prohibition Act was enacted, shall be and continue in force, except as they have been repealed or amended by Acts other than (1) Title II of the National Prohibition Act, as amended and supplemented, and (2)

Vol. 28, p. 567.
U. S. C., p. 1153.

Bonded distillers selling only their own production.
Special tax of wholesale liquor dealer not applicable.

Proviso.
Record to be kept; transcripts to be rendered.

Preservation of records for four years.

Penal provisions.

Continuation of designated provisions.

Vol. 41, p. 305.
U. S. C., p. 1217.

Ante, p. 872.

section 1 of the Liquor Law Repeal and Enforcement Act, and except as they may be modified by, or may be inconsistent with, this Act.

Ante, p. 1957.

SEC. 414. Except as provided in section 329 of this Act, nothing contained in this Act shall be construed as restricting or limiting the provisions of Title III of the National Prohibition Act, as amended.

Title V.

TITLE V

Federal Alcohol Administration made an independent establishment.

Ante, p. 977.

Office of Administrator abolished.

Administration to be composed of three members.

SECTION 501. (a) The Federal Alcohol Administration created as a division in the Treasury Department by section 2 (a) of the Federal Alcohol Administration Act, approved August 29, 1935 (Public Numbered 401, Seventy-fourth Congress), is hereby made an independent establishment of the Government. The office of Administrator of the Federal Alcohol Administration is abolished, and hereafter the Federal Alcohol Administration shall be composed of three members, appointed as provided in section 502 of this title.

Functions, duties, etc., of Administrator conferred upon Administration.

(b) All rights, privileges, powers, and duties conferred or imposed upon the Administrator of the Federal Alcohol Administration are conferred and imposed upon the Federal Alcohol Administration. All papers, records, and property of the Administrator and the Federal Alcohol Administration, as a division of the Treasury Department, are transferred to the Federal Alcohol Administration as an independent establishment of the Government.

Attorneys, experts, etc.

(c) The Federal Alcohol Administration is authorized, without regard to the civil-service laws, to appoint such attorneys and experts, and, subject to the civil-service laws, to appoint such other officers and employees, as it deems necessary to carry out its powers and duties; and the compensation of all such attorneys, experts, and other officers and employees shall be fixed in accordance with the Classification Act of 1923, as amended. All officers and employees appointed by the Administrator and engaged in carrying out his powers and duties shall be officers and employees of the Federal Alcohol Administration: *Provided*, That no such officer or employee who does not already possess a competitive classified civil-service status shall thereby acquire such status, except upon recommendation by the Federal Alcohol Administration to the Civil Service Commission, subject to such noncompetitive tests of fitness as the Commission may prescribe; and no such officer or employee, except attorneys and experts, may be retained in the Federal Alcohol Administration without appropriate civil-service status for a period longer than sixty days from the effective date of this section.

Officers and employees.

Ante, p. 977.

Proviso.
Civil-service status.

Provisions extended.

(d) All provisions of law applicable to the Administrator shall be applicable in the same manner and to the same extent to the Federal Alcohol Administration.

Federal Alcohol Administration.

Members; appointment, political affiliation; terms; successors, etc.

SEC. 502. (a) The members of the Federal Alcohol Administration shall be appointed by the President, by and with the advice and consent of the Senate. Not more than two members of the Administration shall be members of the same political party. The terms of office of the members first taking office shall expire, as designated by the President at the time of nomination, one at the end of the first year, one at the end of the second year, and one at the end of the third year after the date of the enactment of this Act. A successor shall have a term of office expiring three years from the date of expiration of the term for which his predecessor was appointed, except that a person appointed to fill a vacancy occurring prior to the expiration of such term shall be appointed for the remainder of such term. No person shall be eligible for appointment or continue in office as a member if he is engaged or financially interested in, or is an officer or director of or employed by a company engaged in, the production or

Disqualification.

sale or other distribution of alcoholic beverages or the financing thereof. Each member shall, for his services, receive compensation at the rate of \$10,000 per annum, together with actual and necessary traveling and subsistence expenses while engaged in the performance of his duties as member outside the District of Columbia.

(b) One of the members shall be designated by the President annually at the beginning of the calendar year as chairman and shall be the chief executive officer of the Administration; one of the members shall be designated by the President annually at the beginning of the calendar year as vice chairman of the Administration and shall perform the functions and duties of the chairman in his absence or in the event of his incapacity caused by illness; and one of the members, who shall be a lawyer, shall be designated by the President as general counsel of the Administration. The Administration may function notwithstanding vacancies, and a majority of the members in office shall constitute a quorum. The Administration shall meet at the call of the chairman or a majority of its members. The Administration is authorized to adopt an official seal, which shall be judicially noticed. The Administration shall be entitled to free use of the United States mails in the same manner as the executive departments.

(c) The Administration is authorized and directed to prescribe such rules and regulations as may be necessary to carry out its powers and duties.

SEC. 503. (a) Sections 2 (b), 2 (c), and 2 (d) of the Federal Alcohol Administration Act are hereby repealed. All rules, regulations, orders, permits, and certificates, prescribed or issued by the Administrator and in full force and effect on the effective date of this section, shall continue in full force and effect until duly modified, superseded, or revoked.

(b) All proceedings, hearings, investigations, or other matters pending before, or being carried on by, the Administrator shall be continued and brought to determination by the Administration.

(c) No suit, action, or other proceeding lawfully commenced by or against any agency or officer of the United States shall abate by reason of the transfer of rights, privileges, powers, and duties, or the abolition of the office of Administrator, under the provisions of this title.

SEC. 504. The unexpended balances of appropriations available for salaries and expenses of the Federal Alcohol Administration, as a division of the Treasury Department, shall be available for salaries and expenses of the Federal Alcohol Administration, as an independent establishment of the Government, including the salaries and expenses of the members of the Federal Alcohol Administration.

SEC. 505. The third paragraph of section 5 (e) of the Federal Alcohol Administration Act is hereby amended to read as follows:

"In order to prevent the sale or shipment or other introduction of distilled spirits, wine, or malt beverages in interstate or foreign commerce, if bottled, packaged, or labeled in violation of the requirements of this subsection, (1) no bottler of distilled spirits, no producer, blender, or wholesaler of wine, or proprietor of a bonded wine store-room, and no brewer or wholesaler of malt beverages shall bottle, and (2) no person shall remove from customs custody, in bottles, for sale or any other commercial purpose, distilled spirits, wine, or malt beverages, respectively, after such date as the Administrator fixes as the earliest practicable date for the application of the provisions of this subsection to any class of such persons (but not later than August 15, 1936, in the case of distilled spirits, and December 15, 1936, in the case of wine and malt beverages, and only after thirty days' public notice), unless, upon application to the Administrator, he has obtained

Compensation, etc.

Chairman, vice chairman, general counsel.

Quorum, meetings, etc.

Official seal.

Franking privilege.

Authority to prescribe rules, etc.

Federal Alcohol Administration Act.
Designated sections repealed.
Ante, p. 977.
Continuation of rules, etc.

Continuation of proceedings, hearings, etc.

Pending suits, etc., not abated.

Appropriations available.

Ante, pp. 982, 1152.

Certificate of label approval.
Bottling or withdrawal from customs custody of products not covered by, forbidden.

Proviso.
Exemptions.

Jurisdiction of suits to
enjoin, etc., action.

Right to use specified
names or brands.
Ante, p. 982.

Standards of iden-
tity, quality, etc.

Ante, p. 987.
U. S. C., Supp. I,
p. 195.

Mitigation of forfei-
tures, compromising of
cases, claims, etc.

Effective dates.

and has in his possession a certificate of label approval covering the distilled spirits, wine, or malt beverages, issued by the Administrator in such manner and form as he shall by regulations prescribe: *Provided*, That any such bottler of distilled spirits, or producer, blender, or wholesaler of wine, or proprietor of a bonded wine storeroom, or brewer or wholesaler of malt beverages shall be exempt from the requirements of this subsection if, upon application to the Administrator, he shows to the satisfaction of the Administrator that the distilled spirits, wine, or malt beverages to be bottled by the applicant are not to be sold, or offered for sale, or shipped or delivered for shipment, or otherwise introduced, in interstate or foreign commerce. Officers of internal revenue are authorized and directed to withhold the release of distilled spirits from the bottling plant unless such certificates have been obtained, or unless the application of the bottler for exemption has been granted by the Administrator; and customs officers are authorized and directed to withhold the release from customs custody of distilled spirits, wine, and malt beverages, unless such certificates have been obtained. The District Courts of the United States, the Supreme Court of the District of Columbia, and the United States court for any Territory shall have jurisdiction of suits to enjoin, annul, or suspend in whole or in part any final action by the Administrator upon any application under this subsection; or".

SEC. 506. The second proviso of section 5 (e) of the Federal Alcohol Administration Act is amended to read as follows: "*Provided further*, That nothing herein nor any decision, ruling, regulation or other action of any Department of the Government or official thereof shall deny the right of any person to use wholly or in part the wine names or brands Port, Sherry, Burgundy, Sauterne, Haut Sauterne, Rhine (Hock), Moselle, Chianti, Chablis, Tokay, Malaga, Madeira, Marsala, Claret, Vermouth, Barbera, Cabernet, Saint Julien, Riesling, Zinfandel, Medoc, or Cognac, or any other geographic name of foreign origin (except Champagne), upon any of the foregoing produced in the United States if of the same type and the use of such name or brand is qualified by the name of the State or other locality in the United States in which the product is produced, and, in the case of the use of such name or brand on any label or in any advertisement, if such qualification is as conspicuous as such name or brand: *And provided further*, That except as herein expressly provided as to said names or brands, nothing in this section shall be held in any wise to affect or abridge any of the powers granted to the Federal Alcohol Administration to provide standards of identity, quality, labeling, or other regulations."

SEC. 507. Section 9 of the Federal Alcohol Administration Act (U. S. C., 1934 ed., Supp. I, title 27, sec. 209) is amended by adding at the end thereof the following new subsection:

"(e) Nothing in this section shall affect the authority of the Secretary of the Treasury, under the customs or internal-revenue laws, to remit or mitigate the forfeiture, or alleged forfeiture, of such distilled spirits, wines, or malt beverages, or the authority of the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, to compromise any civil or criminal case in respect of such distilled spirits, wines, or malt beverages prior to commencement of suit thereon, or the authority of the Secretary of the Treasury to compromise any claim under the customs laws in respect of such distilled spirits, wines, or malt beverages."

SEC. 508. This title, except sections 502, 505, and 507, shall take effect when a majority of the members of the Federal Alcohol Administration first appointed under the provisions of section 502 qualify and take office.

Approved, June 26, 1936.