

Merchant vessels.
Post, p. 202.

(c) Notwithstanding the provisions of any other law, the Administrator is authorized to make available to the Republic of Korea merchant vessels of tonnage not in excess of two thousand five hundred gross tons each, in a number not to exceed ten at any one time, with a stipulation that such vessels shall be operated only in east Asian waters and must be returned forthwith upon demand of the Administrator and in any event not later than June 30, 1951. Any agency of the United States Government owning or operating any such vessel is authorized to make such vessel available to the Administrator for the purposes of this section upon his application, notwithstanding the provisions of any other law and without reimbursement by the Administrator, and title to any such vessel so supplied shall remain in the United States Government.

Appropriation authorized.
Post, pp. 202, 289.

(d) In order to carry out the provisions of this section 3, there is hereby authorized to be appropriated to the President, in addition to sums already appropriated, not to exceed \$60,000,000 for the fiscal year ending June 30, 1950.

RFC advances.
Post, p. 202.

(e) Notwithstanding the provisions of any other law, until such time as an appropriation shall be made pursuant to subsection (d) of this section, the Reconstruction Finance Corporation is authorized and directed to make advances not to exceed in the aggregate \$30,000,000 to carry out the provisions of this section, in such manner, at such times, and in such amounts as the Administrator shall request, and no interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose. The Reconstruction Finance Corporation shall be repaid without interest for advances made by it hereunder, from funds made available for the purposes of this section 3.

Time limitation.

SEC. 4. The authorization for appropriations in this Act is limited to the period ending June 30, 1950, in order that any subsequent authorizations may be separately passed on, and is not to be construed as an express or implied commitment to provide further authorizations or appropriations.

Approved February 14, 1950.

[CHAPTER 36]

AN ACT

February 21, 1950
[H. R. 5486]
[Public Law 448]

To amend certain provisions of the Internal Revenue Code to permit the use of additional means, including stamp machines, for payment of tax on distilled spirits, modify loss allowances for distilled spirits, for the transfer and redistillation of spirits, and for other purposes.

Internal Revenue Code, amendments.
53 Stat. 298.
26 U. S. C. § 2800
(a) (1).

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2800

(a) (1) of the Internal Revenue Code is amended by the addition of two paragraphs designated "(A)" and "(B)" to read as follows:

"(A) Payment of Tax as to Domestic Spirits.—The tax on distilled spirits produced in the United States, to be paid upon withdrawal from bond, and the tax on rectified spirits produced in the United States, shall be paid by stamp, under such rules and regulations, permits, bonds, records, and returns, and with the use of such tax-stamp machines or other devices and apparatus, including but not limited to storage, gaging, and bottling tanks and pipe lines, as the Commissioner with the approval of the Secretary shall prescribe.

"(B) Penalties.—Whoever manufactures, procures, possesses, uses, or tampers with a tax-stamp machine which may be required under this section with intent to evade the internal-revenue tax imposed upon distilled spirits and recti-

fied spirits, and whoever, with intent to defraud, makes, alters, simulates, or counterfeits any stamp of the character imprinted by such stamp machines, or who procures, possesses, uses, or sells any forged, altered, counterfeited, or simulated tax stamp, or any plate, die, or device intended for use in forging, altering, counterfeiting, or simulating any such stamps, or who otherwise violates the provisions of this section, or the regulations issued pursuant thereto, shall pay a penalty of \$5,000 and shall be fined not more than \$10,000 or be imprisoned not more than five years, or both, and any machine, device, equipment, or materials used in violation of this section shall be forfeited to the United States and after condemnation shall be destroyed. But this provision shall not exclude any other penalty or forfeiture provided by law."

SEC. 2. Section 2877 (a) of the Internal Revenue Code is amended to read as follows:

53 Stat. 333.
26 U. S. C. § 2877(a).

"(a) REQUIREMENT.—The storekeeper-gauger assigned to any distillery shall, in addition to all other duties required to be performed by him, keep such records and submit such reports as the Commissioner, with the approval of the Secretary, shall, by regulations, prescribe."

SEC. 3. Section 2901 of the Internal Revenue Code, as amended, is amended to read as follows:

53 Stat. 340.
26 U. S. C. § 2901.

"SEC. 2901. LOSS ALLOWANCES.

"(a) EXTENT.—No tax shall be collected in respect of distilled spirits lost or destroyed while in bond, except that such tax shall be collected—

"(1) THEFT.—In the case of loss by theft unless the Commissioner shall find that the theft occurred without connivance, collusion, fraud, or negligence on the part of the distiller, warehouseman, owner, consignor, consignee, bailee, or carrier, or the employees of any of them; and

"(2) VOLUNTARY DESTRUCTION.—In the case of voluntary destruction unless the distilled spirits were unfit for use for beverage purposes and the distiller, warehouseman, or other person responsible for the tax, obtained the written permission of the Commissioner for such destruction in each case.

"(b) PROOF OF LOSS.—In any case in which spirits are lost or destroyed, whether by theft or otherwise, the Commissioner may require the distiller or warehouseman or other person responsible for the tax to file a claim for relief from the tax and submit proof as to the cause of such loss. In every case where it appears that the loss was by theft, the burden shall be upon the distiller or warehouseman or other person responsible for the tax to establish to the satisfaction of the Commissioner that such loss did not occur as the result of connivance, collusion, fraud, or negligence on the part of the distiller, warehouseman, owner, consignor, consignee, bailee, or carrier, or the employees of any of them.

"(c) REFUND OF TAX.—When, in any case where the tax would not be collectible by virtue of subsection (a), but such tax has been paid, the Commissioner shall refund such tax. Nothing in section 2901 as hereby amended, or as heretofore amended, shall be construed to authorize refund of the tax where the loss occurred after the tax was paid.

"(d) INSURANCE COVERAGE.—The abatement or refund of taxes provided for by subsections (a) and (c) in the case of loss of distilled spirits by theft shall only be allowed to the extent that the claimant is not indemnified against or recompensed for such loss.

53 Stat. 373.
26 U. S. C. § 3170.
Ante, p. 7.

“(e) TRANSFER OF DUTIES.—For transfer of powers and duties of Commissioner and his agents, see section 3170.”

SEC. 4. Section 2901, as amended by this Act, shall apply to any claim for taxes which may accrue after the effective date of this Act. Claims for taxes or tax penalties that accrued on or before the effective date of this Act shall be subject to section 2901 of the Internal Revenue Code as it existed prior to its amendment by this Act.

53 Stat. 342.
26 U. S. C. § 2903(a).

SEC. 5. Section 2903 (a) of the Internal Revenue Code is amended to read as follows:

“(a) REQUIREMENTS.—Whenever any distilled spirits deposited in the internal revenue bonded warehouse have been duly entered for withdrawal for bottling in bond before tax-payment or for export in bond, such spirits shall be dumped, gaged, bottled, packed, and cased in the manner which the Commissioner, with the approval of the Secretary, shall by regulations prescribe. The bottling of distilled spirits in bond shall be conducted in a separate portion of such warehouse which shall be set apart and used exclusively for that purpose. 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. The tax on the distilled spirits bottled in bond shall be paid upon the actual quantity of spirits withdrawn from bond except as otherwise provided in section 2901 of the Internal Revenue Code.”

Ante, p. 7.

53 Stat. 322, 335, 338,
340.
26 U. S. C. §§ 2844
(a), 2882(a), 2887, 2915
(a).

SEC. 6. Sections 2844 (a), 2882 (a), 2887, and 2915 (a) of the Internal Revenue Code are amended by striking out the words “of wine gallons and”, “wine gallons and”, “of gauge or wine gallons, and”, “of gauge or wine gallons and”, “and wine”, “of gauge or wine gallons,” and “gauge or wine gallons, or” wherever they appear in said sections; section 2886 (a) of the said Code is amended by striking out “wine gallons,” in the eighth line of the second paragraph thereof; section 2861 (a) of the said Code is amended by striking out the words “an engraved” in the sixth line thereof and substituting therefor the letter “a”; section 2802 is amended by striking out subsections (a), (c), and (d) (1) and by redesignating subsections “(b)”, “(d)” and “(e)” as “(a)”, “(b)”, and “(c)”, respectively, and by redesignating paragraphs “(2)” and “(3)” of subsection “(d)” as paragraphs “(1)” and “(2)” of subsection “(b)”; and section 2884 (a) is amended by striking out the word “Whenever” in the first line thereof and substituting therefor the words “Except as may otherwise be required under section 2800 (a) (1) (A), whenever”.

53 Stat. 337.
26 U. S. C. § 2886(a).

53 Stat. 329.
26 U. S. C. § 2861(a).

53 Stat. 301.
26 U. S. C. § 2802.

53 Stat. 336.
26 U. S. C. § 2884(a).

Ante, p. 6.

53 Stat. 344, 398.
26 U. S. C. §§ 2906,
3302.

SEC. 7. REPEAL CLAUSE.—Sections 2906 and 3302 of the Internal Revenue Code and all other laws or parts of laws in conflict herewith are hereby repealed: *Provided, however*, That nothing contained herein shall be construed as repealing any law applying to the collection of taxes imposed on distilled spirits imported into the United States, except alcohol that is imported and deposited in an alcohol bonded warehouse pursuant to section 3125, Internal Revenue Code.

56 Stat. 971.
26 U. S. C. § 3125.
53 Stat. 360.
26 U. S. C. § 3112(b).

SEC. 8. Section 3112 (b) of the Internal Revenue Code is amended to read as follows:

Ante, p. 6.

“(b) PAYMENT OF TAX.—The provisions of section 2800 (a) (1) (A) and (B) relating to the tax payment of distilled spirits by stamp and to the penalty and forfeiture provisions applicable to the violations

therein set forth shall, so far as applicable, extend to and include the tax payment of alcohol produced in the United States or imported in accordance with the provisions of section 3125."

SEC. 9. Section 2883 of the Internal Revenue Code, as amended, is amended to read as follows:

56 Stat. 971.
26 U. S. C. § 3125.
53 Stat. 335.
26 U. S. C. § 2883.

"SEC. 2883. TRANSFER OF SPIRITS AT REGISTERED DISTILLERIES.

"(a) **REQUIREMENTS.**—Subject to the provisions of existing law, spirits of one hundred and sixty degrees of proof or more produced at registered distilleries, including registered fruit distilleries (such registered distilleries and registered fruit distilleries being referred to hereafter as 'distillery' or 'distilleries'), may be transferred by means of pipe lines from receiving cisterns in the distillery direct to storage tanks in the internal revenue bonded warehouse located on the bonded premises where produced or located contiguous thereto, and be warehoused in such storage tanks, or they may be withdrawn from the receiving cisterns, without, or after reduction in proof, into approved containers and transferred to any internal revenue bonded warehouse for storage therein, or they may be tax-paid in such approved containers in the cistern rooms of distilleries without being entered into an internal revenue bonded warehouse. Such spirits may be drawn into approved containers from storage tanks in an internal revenue bonded warehouse. Spirits of one hundred and sixty degrees of proof, or more, may be transferred in bond in tank cars from cistern rooms of distilleries or from storage tanks in an internal revenue bonded warehouse and be deposited in storage tanks in any internal revenue bonded warehouse. Such spirits in tanks in internal revenue bonded warehouses distilled at or above one hundred and ninety degrees of proof may be reduced to not less than one hundred and eleven degrees prior to being drawn into packages. Such spirits, upon tax payment, may be withdrawn in approved containers, including pipe lines to contiguous premises, for use for beverage purposes only. Except as provided in subsection (c) hereof and section 2916, such spirits may not be withdrawn for denaturation.

"(b) **TRANSFER OF FORTIFYING SPIRITS.**—Fortifying spirits of one hundred and sixty degrees of proof or more may be transferred by pipe line from registered fruit distilleries and receiving cisterns in such distilleries to the fortification rooms of contiguous wineries or to storage tanks in the internal revenue bonded warehouse located on the distillery premises where the spirits were produced, or from such storage tanks to the fortification rooms of contiguous wineries.

"(c) **TRANSFER OF RUM FOR DENATURATION.**—Rum of not less than one hundred and fifty degrees of proof may be transferred by pipe line for denaturation from receiving cisterns in the cistern room of any distillery to a denaturing bonded warehouse on the distillery premises or to storage tanks situated in the internal revenue bonded warehouse located on the distillery premises, or from such storage tanks to a denaturing bonded warehouse on the distillery premises.

"(d) **TRANSFER OF GIN.**—Gin of any proof may be transferred in bond by means of pipe lines from receiving cisterns in distilleries direct to storage tanks in the internal revenue bonded warehouse located on the bonded premises where produced, or located contiguous thereto, and be warehoused in such storage tanks. Such gin may, upon tax payment, be transferred by pipe line to a contiguous tax-paid bottling house or rectifying plant.

"(e) **REDISTILLATION OF SPIRITS.**—Distilled spirits of any proof may be transferred from a distillery or an internal revenue bonded warehouse to any distillery for redistillation upon a showing of the need

53 Stat. 346
26 U. S. C. § 2916.

therefor: *Provided*, That only spirits of one hundred and sixty degrees of proof or more may be transferred by pipe line to a distillery for redistillation from storage tanks in an internal revenue bonded warehouse located on such distillery premises or located contiguous thereto: *Provided further*, That spirits of any proof may be transferred by pipe line for redistillation from receiving tanks in a distillery to a contiguous distillery. Upon removal of distilled spirits to any distillery for redistillation, the consignee distiller shall assume the liability for the payment of the tax on the spirits from the time they leave the internal revenue bonded warehouse or distillery, and the tax liability on the producing distiller or the internal revenue bonded warehouseman, and the liens on the premises of the producing distiller shall cease, and the tax and liens shall become the liability of the consignee distiller: *Provided further*, That upon redistillation the redistilled spirits shall be treated the same as if the spirits had been originally produced by the redistiller and all prior obligations as to taxes and liens shall be superseded. Sections 2800 (a) (5) and 3250 (f) (1) shall not apply to the redistillation of spirits removed under the provisions of this section.

53 Stat. 298, 389.
26 U. S. C. §§ 2800
(a) (5), 3250 (f) (1).

“(f) REGULATIONS.—The Commissioner, with the approval of the Secretary, is hereby empowered to prescribe all necessary regulations relating to the drawing off, transferring, gaging, storing, redistillation, and transportation of the 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; and the kind of bond and the penal sum thereof.

“(g) EFFECT ON OTHER LAWS.—Nothing contained in this section shall be construed as restricting or limiting the provisions of other sections of the internal-revenue laws relating to internal revenue bonded warehouses, distilleries, and bonded wineries.

“(h) TRANSFER OF DUTIES.—For transfer of powers and duties of Commissioner and his agents, see section 3170.”

53 Stat. 373.
26 U. S. C. § 3170.

SEC. 10. EFFECTIVE DATE.—The amendments made by this Act shall become effective on the first day of the first month which begins six months or more after the date of the enactment of this Act.

Approved February 21, 1950.

[CHAPTER 37]

AN ACT

February 25, 1950
[S. 1990]
[Public Law 449]

To amend section 429, Revised Statutes, as amended, and the Act of August 5, 1882, as amended, so as to substitute for the requirement that detailed annual reports be made to the Congress concerning the proceeds of all sales of condemned naval material a requirement that information as to such proceeds be filed with the Committees on Armed Services in the Congress.

Condemned naval
material.
Report on proceeds
of sales.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the last sentence of section 429, Revised Statutes, as amended (5 U. S. C. 466), is hereby further amended by deleting therefrom the words “or materials” and “and materials” where they appear therein.

SEC. 2. The sixth sentence of section 2 of the Act of August 5, 1882 (22 Stat. 296), as amended (34 U. S. C. 544), is amended to read as follows: “It shall be the duty of the Secretary of the Navy annually to file with the Committees on Armed Services in the Congress information as to the proceeds of all sales of materials, stores, and supplies, made under the provisions of this Act, and the expenses attending such sales.”

Approved February 25, 1950.