exceeds the 80 per cent., but is less than the actual product, as above found, the assessment will be made upon the difference between the actual and reported product. But if in any case the actual product and the reported product are each less than the 80 per cent., the assessment must be made for the difference between the reported product and the 80 per cent.

To determine the number of barrels of 40 proof gallons each to be reported on Form No. 89 as assessed at $4 per barrel, the greatest number of proof gallons, whether the required production, the reported production, or 80 per cent. of the capacity, will be divided by 40, and the quotient, less the number exempt under the special $400 tax, will be the number to be so assessed.

Where there is a fractional number of gallons less than 40, the assessment will be made at the rate of 10 cents per gallon. This will save the necessity of carrying forward such fractional number of gallons to the next computation. The number of barrels is found from the quantity reported, together with any deficiency that may be assessed.

The per diem capacity-tax (section 13) is $2 upon the first 20 bushels or less of grain, or 60 gallons or less of molasses; and in addition thereto $2 for each even 20 bushels of grain, or 60 gallons of molasses in excess of the first 20 or 60. In this assessment fractions in excess of the first 20 or 60 are to be discarded.

The number of days upon which the per diem capacity-tax is to be assessed is the whole number since the date of commencement in the month, inclusive, less Sundays and the days upon which operations have been legally suspended; due notice having been given thereof by the distiller, accompanied by the certificate of the assistant assessor that at the time the looks were placed upon the furnace-doors no mash, wort, or beer was on hand on the premises. This rule will be strictly adhered to, and all deductions made which are not supported by the official records on file in this office will be stricken out, and the assessments returned for correction.

The computations on Form 89 should be made promptly at the commencement of each month, and immediately forwarded to this office.

**COMMENCEMENT OF WORK AFTER SUSPENSION.**

Where a distiller resumes work after a suspension with no mash on hand, he will be deemed to have commenced the distillation of spirits at 12 meridian on the third day after the assistant assessor unlocks the furnace-doors. The full per diem capacity-tax will be assessed from the time the furnace-doors are unlocked until work is again legally suspended. The time for estimating the 80 per cent. of the capacity will commence on the third day after, unless distilling is commenced prior to that day.

If distillation commences on the second day after the furnace-doors are unlocked, the time for which the 80 per cent. is computed will include the second day. Where such allowance is made in computing the 80 per cent., the assessor will note the fact on Form 89, stating the number of days allowed.

**DISTILLERS' PACKAGES.**

Under the provisions of section 23, all spirits must be drawn from the receiving cisterns into casks of not less than 20 wine gallons each. This applies to all distillers, whether of fruit or otherwise. Distillers' original packages must contain at least 20 wine gallons. Smaller packages cannot be warehoused or sold or removed by the distiller. If he sells in smaller packages, he must do it as a dealer, and such packages must be filled from the original casks or packages, and such sale cannot be made on the distillery premises.

**CHANGE OF PACKAGE.**

When any distilled spirits are drawn from any cask or other package, and placed in any other cask or package containing not less than 10 gallons, and intended for sale, they must be again inspected and gauged, and the cask or package into which they are so transferred marked or branded. Such mark or brand must state the kind and proof of the spirits; the particular name of such spirits, as known to the trade; the name and place of business of the rectifier or dealer, as the case may be; and, if such spirits have not been rectified, the name of the distiller; the distillery where produced; serial number of the original package, together with the name of the gauger; the time and place of inspection.

**ASSISTANCE TO BE FURNISHED.**

On demand of any revenue officer (section 38), every distiller or rectifier must furnish strong, safe, and convenient ladders, and supply all assistance, lights, tools, staging, or other things necessary for inspecting the premises, stocks, tools, and apparatus belonging to such person, and open all doors, and open for examination all boxes, packages, casks, barrels, and other vessels not under the control of a revenue officer in charge.
NO DISTILLERY ALLOWED TO RUN WITHOUT COMPLIANCE WITH REGULATIONS.

Under no circumstances must a distillery be allowed to run until all the requirements of the law and these regulations have been complied with; and any distillery found running without such compliance must be immediately stopped.

REVENUE OFFICERS NOT TO BE INTERESTED IN DISTILLING, ETC.

No internal revenue officer can be interested, directly or indirectly, in the manufacture of tobacco, snuff, or cigars, or in the production, rectification, or redistillation of distilled spirits, under the penalties imposed by section 97.

DISCONTINUANCE OF WAREHOUSES.

Whenever the Commissioner of Internal Revenue shall be of opinion that any warehouse is unsafe or unfit for use, or the merchandise therein liable to loss or great waste, he may discontinue such warehouse, and require the merchandise therein to be transferred to such other warehouse as he may designate, and within a time to be prescribed by him, at the expense of the owner of the merchandise. If such transfer is not made or such expense not paid by the owner, the merchandise will be seized and sold by the collector as upon distraint.

RECTIFIED SPIRITS.

Any person (section 59) who rectifies, purifies, or refines distilled spirits or wines by any process other than by original and continuous distillation from mash, wort, or wash, through continuous closed vessels and pipes until the manufacture thereof is complete; and every wholesale or retail liquor dealer who has in his possession any still or leach-tub, or who keeps any other apparatus for the purpose of refining in any manner distilled spirits, and every person who, without rectifying, purifying, or refining distilled spirits, shall, by mixing such spirits, wine, or other liquor with any materials, manufacture any spurious, imitation, or compound liquors for sale under the name of whiskey, brandy, gin, rum, wine, spirits, cordials, wine bitters, or any other name, shall be regarded as a rectifier and as being engaged in the business of rectifying.

On and after May 1, 1869, the distinction made in the act of July 20, 1868, between rectifiers and compounders of liquors is abolished, and those who were compounders under the act of July 20 will be classed as rectifiers and be subject to all the provisions of law relating to rectifiers.

TAX ON DISTILLED SPIRITS.

The attention of assessors is called in this connection to the provisions of section 11 of the act of July 20, 1868, and especially to the penalty imposed in the last clause of said section.

Rectifiers rectifying two hundred barrels or less per annum must pay a special tax of two hundred dollars, and fifty cents for each barrel in excess of two hundred barrels.

The payment of the special tax as a rectifier does not relieve any person from the payment of the special tax as a wholesale dealer on account of the sales of spirits, whether the same be of his own rectification or otherwise.

Rectifiers having or using any still or distilling apparatus must register the same, as provided in section 6, and must give the notice required by section 6. Every rectifier or wholesale liquor dealer must provide himself with and keep the book (Form No. 62) which is hereby prescribed. And every such book must be, at all times, kept in some public or open place on the premises of such rectifier or wholesale dealer, respectively, for inspection; and any revenue officer may examine such books, and take abstracts therefrom. Such book must be preserved, and no part thereof, or any entry therein, can be cancelled, altered, obliterated, or destroyed.

Section 46 declares it to be unlawful for any rectifier, wholesale or retail liquor dealer, to purchase or receive distilled spirits in quantities exceeding 20 gallons from any person not an authorized distiller, rectifier, or liquor dealer, except at judicial sales, or sales by an authorized auctioneer.

Under the provisions of section 59, rectifiers are required to make monthly returns on Form No. 45 of all matters therein contained, but this is not a substitute for nor does it relieve them from, monthly returns of their sales as dealers.

LISTS OF RECTIFIERS ASSESSED FOR SPECIAL TAX TO BE FORWARDED.

Assessors will also report to this office the names and place of business of all persons who have been, or shall be, assessed a special tax as rectifiers, and will forward to this office each month a copy of the return made by each for the preceding month.

DEALERS IN LIQUORS.

Under the provisions of the amendatory act of April 10, 1869, every person who sells, or offers for sale, foreign or domestic distilled spirits, wines, or malt liquors, in less quantities than five gallons at the same time, is to be regarded as a retail dealer in liquors; and every person who sells, or offers for sale,
such spirits, wines, or liquors, in quantities of five gallons or upward, is to be regarded as a wholesale liquor dealer. This changes the distinction between wholesale and retail dealers in liquors, and assessors will take notice thereof in making the assessments for the special tax for the year commencing May 1, 1868, and correct any assessments made before receipt of these instructions accordingly.

Dealers in liquors, whether wholesale or retail, whose sales, including sales of all other merchandise, exceed $25,000, are subject to an additional tax of one dollar for each hundred dollars of sales of liquors in excess of such $25,000, and at the same rate as a wholesale dealer on every thousand dollars of sales of other merchandise. When any liquor dealer's sales shall exceed $25,000, he must keep separate accounts of his sales of liquors and his sales of other merchandise, and must return them in separate items, and will be assessed one per cent. on his sales of liquors, and \( \frac{1}{2} \) of one per cent. on his sales of other merchandise in excess of such $25,000.

The exemption of distillers and brewers from special tax as dealers extends only to sales of liquors of their own production, made at the place of manufacture, and in the original casks or packages to which the tax-paid stamps are required to be affixed. The liquors must be delivered directly to the purchaser, or his agent, from the distillery or brewery premises. Dealers in liquor, who sell in quantities less than five gallons, and also in quantities of five gallons and upwards, must pay special tax, both as wholesale and retail liquor dealers.

**Manufacturers of Stills.**

Any person who manufactures any still or worm to be used in distilling is to be deemed a manufacturer of stills, and pay a special tax of $50; and, in addition thereto, $20 for each still or worm for distilling, made by him; i.e., $20 for each still and $20 for each worm.

Any person manufacturing any still, boiler, or other vessel to be used for the purpose of distilling, must, before the same is removed from the place of manufacture, notify, in writing, the assessor of the district in which such still, boiler, or other vessel is to be set up; by whom it is to be used; its capacity; and the time when the same is to be removed from the place of manufacture.

No such still or boiler can be set up without the permit of such assessor for that purpose.

The term "for distilling," as here used, will be hereafter construed to mean "for distilling spirits." It is not to be under-

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TAX ON DISTILLED SPIRITS.

**Distillers of Brandy from Fruit.**

Distillers of brandy from apples, peaches, or grapes, exclusively, are subject to the same taxes and rates of tax as other distillers. They must register their stills, give the notice, and file the bond required of other distillers, but are exempted from the additional requirements imposed upon other distillers, who are not the owners of the fee of the distillery premises, and will not be required to furnish the plan required by section 9. The survey must be made as required by section 10. They will be held subject to all the payments of the law, as to the assessment, collection, or ascertainment of the tax due, and providing for the keeping of books, and for returns, except that instead of making returns tri-monthly, they will make return on Form No. 15 on the first day of each and every month, and the tax on the spirits distilled by them during the period embraced in their returns must be paid at the time of making their return. The tax-paid stamps must be affixed before the spirits are removed from the distillery, and upon such as remain on hand at the time the return is made.

They will not be required to provide a bonded warehouse, nor to remove the spirits produced by them from the distillery to a bonded warehouse, nor to erect receiving cistern in the distillery. They will be exempt from any penalty for non-compliance with any of the provisions of section 17; and also the provisions of section 22, in relation to suspending work; nor will they be subject to the per diem capacity-tax imposed by section 18, except for the days on which distillation is carried on. Assessors will report monthly in all cases on Form No. 89. The amendment to the law imposing a special tax upon this class of distillers is a revocation of Circular 178.

** Spirits in Bond July 20, 1868.**

Under the provisions of the act of July 20, 1868, all spirits then in bond were required to be withdrawn within nine months from the passage of the act, and the casks or packages marked and stamped, and subject, in all respects, to the same requirements as if manufactured after the passage of the act.

Under the amendatory act of April 10, 1869, this time was extended until June 30, 1869; but such spirits not withdrawn prior to April 20, 1869, are made subject to an additional tax, $38.
at the rate of one cent per gallon per month on each proof gallon deposited and bonded in warehouse. Where the time constitutes a fractional part of a month only, a proportionate amount will be collected, reckoning the tax at one-thirtieth of one per cent, per proof gallon for each day.

Upon consideration of the question, it has been determined that upon withdrawals of all spirits produced prior to July 20, 1868, the tax must be paid upon the quantity deposited in or transferred to the warehouse, in accordance with the circular letter of April 14, 1869. Under this, leakage in warehouse is not allowed, and a regauge on withdrawal is not necessary. The collector, however, may direct the gauger to regauge, if the owners of the spirits require it.

All spirits remaining in warehouse after June 30, 1869, are declared to be forfeited to the United States. The neglect to withdraw prior to July 1 works an absolute forfeiture.

All spirits remaining in any warehouse after June 30 will be immediately taken possession of by the collector, who will report the quantity, with the names of the owners, if known, at once to the Commissioner.

Spirits produced prior to July 20, 1868, which are now stored in warehouses which have been re-established as distillery warehouses, must be withdrawn and removed from such distillery warehouses in accordance with these regulations.

PERMANENT DISCONTINUANCE OF DISTILLING.

When any authorized distiller proposes to discontinue the business permanently, he must give notice to the assessor of the time at which he proposes to discontinue, who, upon receipt of such notice, will direct one of his assistants to close and secure the furnace-doors as in case of suspension of work. The distiller will also re-register his still as not for use, and make application for the discontinuance of his warehouse, withdrawing all spirits stored therein, by the payment of the tax. The assessor will report the action taken to this office, and the per diem capacity-tax will cease from the time the distillery is so closed.

CHANGE OF OWNERSHIP.

Where the title to the estate upon which an authorized distillery is located is changed by sale, judicial or otherwise, or there is any change of ownership in the premises or distilling apparatus, or where the lot or tract of land on which the distillery stands, or any part thereof, or any of the distilling apparatus, subsequent to the approval of the bond, becomes subject to or encumbered by any mortgage, judgment, or other lien;

REDISTRIBUTION ON DISTILLERY PREMISES.

Under the act of July 20, 1868, a rectifier was defined to be any person who rectifies, purifies, or refines distilled spirits by any process; and as redistillation was a purifying or refining of distilled spirits, it was forbidden to be carried on within 600 feet of any authorized distillery. By the amendatory act of April 10, 1869, original and continuous distillation from mash, wort, or wash, through continuous closed vessels and pipes, until the manufacture thereof is complete, is not deemed to be rectifying. Therefore, a distiller may after May 1, 1869, carry his product through as many processes of distillation as he pleases, provided the process is continuous, commencing with the distillation of the mash, wort, or wash, the product of the distillation of the mash being carried through continuous closed vessels and pipes until the final product is deposited in the receiving cisterns.

This does not authorize the leaching of the spirits through charcoal or any other substance; nor the purifying and refining of distilled spirits in any other mode than by redistillation; and no materials or substances whatsoever can be added during the process.

The object of the amendment was simply to allow the redistillation of spirits in copper, as formerly practised in many distilleries, provided it should be done under the restrictions named. The apparatus must be so constructed that there can be no access had to the spirits on its passage through the pipes and vessels connecting the beer still with the receiving cisterns. Under these restrictions an alcohol column may be substituted for one of the doublers.

STAMPS FOR DISTILLED SPIRITS.

From and after November 1, 1868, stamps for distilled spirits will be required to be used in all cases as provided by law.

These stamps are engraved and bound in book form, the books of tax-paid stamps containing one hundred and fifty and three hundred stamps each, and the others four hundred each.
The tax-paid stamps are for 20, 30, 40, 50, 60, 70, 110, 120, and 130 gallons, with nine coupons attached, each coupon representing one gallon.

These stamps will be issued to collectors upon their requisitions in such numbers as may be required, and will be charged to them at the full value of the stamps, or at the full value of the tax on the number of gallons represented on the stamps and coupons.

It is the duty of the collector to return to this office any book of marginal stubs as soon as the stamps contained therein have been used; and when he has accounted for the tax on the number of gallons represented on the stamps and coupons that were contained in any book of tax-paid stamps, there will be allowed a commission of half of one per centum on the amount of the tax on spirits distilled after the passage of the act of July 20, 1868, to be equally divided between the assessor and collector.

The books containing other than the tax-paid stamps may be intrusted by the collector to a gauger, whenever he may deem it necessary so to do, and he may require such gauger to give security to return or account for all such stamps. Such gauger must make a daily report to the assessor and collector on Form No. 118 of all such stamps used by him, and for whom used, and from these reports the assessor will, on the first of each month, assess the person for whom they were used at the rate of 25 cents for each stamp used during the preceding month, and return the same to the collector for collection. These assessments should be transmitted to the collector with the marginal stubs therein to a smooth surface on the head of the respective casks, as hereinafter directed.

The stamps so furnished to each distiller, and will report to the assessor at the end of each month the number of stamps other than the tax-paid stamps so issued by him and to whom issued.

TAX-PAI'D STAMPS.

Whenever any person desires to withdraw spirits from a warehouse, he will notify the collector or deputy collector, who will upon receipt of the tax cut from the book stamps with the requisite coupons annexed, properly filled up and signed, which will be affixed by the gauger, in presence of the storekeeper, to a smooth surface on the head of the respective casks, as hereinafter directed.

A stencil-plate cannot be used for this purpose. This brand must not in any case be obliterated or cancelled, except as provided in section 25, by cutting or burning a cancelling line across such brand or mark; and no stamp, mark, or brand must be effaced or in any manner obliterated until such cask is emptied or its contents drawn off.

STAMP ON DISTILLED SPIRITS.

The law imperatively requires that all spirits produced in any distillery shall be drawn off from the receiving cisterns at least once in three days, and to be gauged and marked and immediately removed to the distillery warehouse. The gauger will mark the casks as hereinbefore required, and affix the appropriate stamp to each cask as required. If the book of stamps is not in possession of the gauger, the collector or deputy collector will issue the stamps upon the report of the gauger in detail of his inspection, keeping an account of the number of stamps so furnished to each distiller, and will report to the assessor at the end of each month the number of stamps other than the tax-paid stamps so issued by him and to whom issued.

DISTILLERY WAREHOUSE STAMPS.

Whenever any person desires to withdraw spirits from a warehouse, he will notify the collector or deputy collector, who will upon receipt of the tax cut from the book stamps with the requisite coupons annexed, properly filled up and signed, which will be affixed by the gauger, in presence of the storekeeper, to a smooth surface on the head of the respective casks, as hereinafter directed.

At the time of affixing the tax-paid stamps, the gauger will, in presence of the storekeeper, brand the cask as hereinbefore provided in accordance with the provisions of section 25. A stencil-plate cannot be used for this purpose. This brand must not in any case be obliterated or cancelled, except as provided in section 25, by cutting or burning a cancelling line across such brand or mark; and no stamp, mark, or brand must be effaced or in any manner obliterated until such cask is emptied or its contents drawn off.

STAMP FOR RECTIFIED SPIRITS AND WHOLESALE DEALERS' STAMP.

Whenever any cask or package of rectified spirits is filled for shipment, sale, or delivery, on the premises of any authorized rectifier, or when any cask or package of distilled spirits is filled for the same purpose on the premises of any authorized wholesale dealer, it is the duty of the gauger to gauge and inspect the same, and place thereon the stamp for rectified spirits, or wholesale dealers' stamp, as the case may be.
The provisions of section 25 cover all packages filled for shipment, sale, or delivery upon the premises of any authorized rectifier or of any wholesale dealer. As the law explicitly requires all such packages to be gauged and stamped, the rectifier or dealer must put up his spirits in casks or packages of a kind which will admit of the attachment of the stamps as required by law.

Where the contents of any cask or package are transferred on the premises of a rectifier or dealer to another cask or package of not less than ten gallons capacity, there must be in addition to the stamp for rectified spirits or wholesale dealers' stamp the marks and brands required by section 47. The requirements of section 47 are not a substitute for, but in addition to the requirements of section 25.

AFFIXING, CANCELLATION, AND COVERING OF STAMPS.

By virtue of section 25, act of July 20, 1868, it is hereby prescribed that the affixing, cancellation, and covering of stamps placed on casks or other packages containing distilled spirits, shall be done in the following manner, viz:

Affixing.—The stamps are to be securely affixed to a smooth surface of the cask or package. That surface must not have been previously painted or covered with any substance. Transparent varnish, or any other adhesive material which will cause the stamp to stick securely and permanently, may be used for that purpose. The affixing will be done by the gauger in the presence of the storekeeper.

Cancellation.—The stamp having been affixed, it must immediately be cancelled. For this purpose the gauger will use a stencil-plate of brass or copper, in which will be cut not less than five fine parallel waved lines, long enough to extend not less than three-quarters of an inch beyond each side of the stamp, on the wood of the cask; and the name of the gauger must be cut on one end of the plate, and his title, viz., "U. S. Gauger," on the other end, perpendicular to the lines. This plate must be imprinted, with blacking or durable coloring material, over and across the stamp as indicated, and in such a manner as not to deface the reading-matter on the stamp; that is, so as not to daub and make it illegible.

Covering.—The stamp having been affixed and cancelled, it must immediately be covered with a coating of transparent varnish or other substance. Any transparent varnish or other similar substance may be used for this purpose.

TAX ON DISTILLED SPIRITS.

By the provisions of section 43, every person who empties or draws off, or causes to be emptied or drawn off, any distilled spirits from any cask or package bearing any mark, brand, or stamp required by law, must, at the time of emptying such cask or package, efface and obliterate such mark, brand, or stamp. Any empty cask or package from which the mark, brand, or stamp has not been effaced or obliterated is declared to be forfeited, and any internal revenue officer should seize the same wherever found.

Any person or transportation company who shall receive or transport, or have in possession with intent to transport or to cause or procure to be transported, any empty cask or package, or any part thereof, having thereon any brand, mark, or stamp required to be placed on casks or packages of distilled spirits, is liable to a penalty of $300 for each such cask or package, or any part of such cask or package; and any boat, railroad car, cart, or other vehicle, and all horses or other animals used in carrying or transporting the same, are to be forfeited.

Any person who shall fail or neglect to efface and obliterate such mark, brand, or stamp at the time of emptying such cask or package, or who shall receive any such empty cask or package, or any part thereof, with intent to transport the same, or who shall transport the same, or knowingly aid or assist therein, or who shall remove any stamp from any cask or package without defacing or destroying the same at the time of such removal, or aid or assist therein, or who shall have in his possession any such stamp so removed, or who shall have in his possession any cancelled stamp or any stamp which has been or purports to have been used, is deemed guilty of a felony, and to be punished by fine and imprisonment.

The attention of all officers of internal revenue is specially called to the provisions of this section. From all the provisions it is clear that the intent of the law is to require that the marks, stamps, and brand on any cask of spirits shall be effaced and destroyed at the time the cask is emptied, and the responsibility of doing this is placed upon the person emptying it. The terms "efface and obliterate" must be understood to mean a complete destruction, so as to leave no part or portion of the marks, stamps, or brand legible or intelligible. Persons who have possession of, deal in, or are engaged in the transportation of empty spirit casks or packages should understand their liability. If they violate the law, the penalties, though severe, must be
enforced, and ignorance of its provisions, negligence, or carelessness on the part of themselves or their subordinates is not a sufficient excuse. The offence, if committed, is declared to be a felony, and there is no power to compromise.

MARKING AND BRANDING CASKS.

The attention of all officers of internal revenue is called to the regulations in relation to marking and branding of casks or packages of distilled spirits, a strict compliance with which is enjoined upon all officers, and especially gaugers.

Complaints have been made that there is a great lack of uniformity among the gaugers in carrying out the regulations, and it is charged that, in some districts, the regulations have been persistently and deliberately disregarded. There is no difficulty in understanding the regulations, and all officers are notified that they must be strictly complied with.

It has also been found that the stamps for distilled spirits are in many instances negligently and insecurely attached. This is almost entirely the result of carelessness on the part of the gauger and undue haste in affixing the stamp.

Care must be taken to attach the stamps securely and smoothly to a clean surface, and the gauger must take time enough to do so. After it is so affixed it should be cancelled as prescribed, and then covered with the transparent varnish. This is a matter for which the gauger will be held responsible, and a desire to do the greatest amount of work in the shortest space of time will not be accepted as an excuse for a failure to do the work well.

Collectors and other seizing officers are instructed to detain or seize any and all casks or packages of spirits which are not marked and branded as required by these instructions, and forthwith report the facts to this office. The owner of the spirits will find it for his interest to insist that the gauger does his work correctly.

Any neglect to mark and brand spirits as required by the regulations, or any case of negligence or carelessness in attaching the stamps, should be at once reported to this office, that the proper steps may be taken for the dismissal of the officer so doing; and collectors will also be justified in declining to assign any gauger to duty who shall be found guilty of such negligence, carelessness, or disregard of the regulations.

C. DELANO, Commissioner.

REGULATIONS CONCERNING THE DISTILLATION OF BRANDY FROM APPLES, PEACHES, OR GRAPES, EXCLUSIVELY.

TREASURY DEPARTMENT, OFFICE OF INTERNAL REVENUE,
Washington, July 1, 1870.

EXEMPTIONS.

UNDER the provisions of section 2 of the act of July 20, 1868, the Commissioner of Internal Revenue is authorized, with the approval of the Secretary of the Treasury, to exempt distillers of brandy from apples, peaches, or grapes, exclusively, from certain requirements of said act relating to the manufacture of spirits; and, therefore, by virtue of said authority, and with the approval of the Secretary of the Treasury, I hereby exempt all distillers of brandy from apples, peaches, or grapes, exclusively, from the following provisions of said act, and the acts amendatory thereof, to wit:

From all of the provisions of sections 3, 8, 9, 15, 18, 21, 22, 24, and 45 of the act of July 20, 1868, and so much of the act of April 10, 1869, as is amendatory to section 8 of said act; and from portions of the following-named sections of said act of July 20, 1868, to wit:

So much of section 6 as requires the distiller to state in his notice the number of mash tubs and fermenting tubs, the cubic contents of each tub, the number of receiving cisterns and the cubic contents of each cistern, and the number of hours in which the distiller will ferment each tub of mash or beer.

So much of section 7 as provides that in no case shall the distiller’s bond be for a less sum than five thousand dollars.

So much of section 32 as provides that no person shall use any still, boiler, or other vessel for the purpose of distilling, in any shed, yard, or inclosure connected with any dwelling-house.

From all of the provisions of section 17, except so much thereof as provides that “no assessor shall approve the bond of any distiller until all the requirements of law and all regulations made by the Commissioner of Internal Revenue in relation to distilleries, in pursuance thereof, shall have been complied with,” and the penalty relating thereto. From all of section 19,
except so much thereof as provides for the keeping of a book or books, in the manner to be prescribed by the Commissioner of Internal Revenue, the preservation of such book or books for the inspection of revenue officers, and the penalties pertaining thereto, and the making of returns: Provided, however, That the manner of making such returns shall be as prescribed in these regulations.

So much of section 20 as provides that forty-five gallons of mash or beer brewed or fermented from grain shall represent not less than one bushel of grain, and seven gallons of mash or beer brewed or fermented from molasses, shall represent not less than one gallon of molasses; and so much of section 1 of the act approved April 10, 1869, as is amendatory thereof.

From all of the provisions of section 23, except so much thereof as requires that all distilled spirits shall be drawn into casks, and shall be gauged, proved, and marked by a United States gauger, by cutting on the cask containing such spirits, in a manner to be prescribed by the Commissioner of Internal Revenue, the quantity in wine gallons and in proof gallons of the contents of such cask, and the serial number of the package, in progressive order.

From so much of section 25 as provides for the receiving of an order from the collector, for the removal of spirits from the premises where the distillery is situated in which he will deposit and keep the brandy to be distilled by him under the tax is paid thereon and the tax-paid stamp attached thereto; and that such still or stills are not within six hundred feet of any premises authorized to be used for rectifying or refining distilled spirits by any process.

3. (Section 10.) On the receipt of notice, Form 273, the assessor, with the aid of his designated assistant, will proceed to make a careful survey of such still or stills, in accordance with the provisions of section 10 of said act of July 20, 1868, unless there be on file in his office a correct survey thereof theretofore made, and it appearing to his satisfaction that no other has taken place in the capacity of such still or stills since the making of such survey.

4. (Section 7.) After the completion of such survey, and before the commencement of distillation, each distiller shall make and execute a bond on Form No. 304, with at least two sureties to be approved by the assessor of the district. The penal sum of said bond shall not be less than double the amount of the tax on the spirits that can be distilled in his distillery during a period of thirty days, as ascertained by the survey, and in no case shall such bond be for a less sum than five hundred dollars. Bonds so given expire on the last day of April of each year, and parties must renew their bonds before continuing or again engaging in distillation after that date. A new bond may be required, in case of the death, insolvency, or removal of either of the sureties, and in any other contingency, at the discretion of the assessor or Commissioner of Internal Revenue. On the presentation of such bonds to the assessor, he shall examine the same and satisfy himself that they are correct in form and duly executed according to law; that the sureties thereon are residents of the district, or of some county adjoining the district within the same State; and that such sureties are ample security for the intending to use the same for the distillation of brandy from apples, peaches, or grapes, must, before commencing distillation, give notice on Form 273 to the assessor of his district, direct or through the assistant assessor of his division, of his intention to distill, stating in such notice his name and place of residence, and, if a company or firm, the name and place of residence of each member thereof; the place where said business is to be carried on; the number and kind of stills; the total capacity of each in gallons; the manner in which the same is to be boiled, whether by steam or furnace heat; the kind of fruit proposed to be used; the building or place on the premises where the distillery is situated in which he will deposit and keep the brandy to be distilled by him under the tax is paid thereon and the tax-paid stamp attached thereto; and that such still or stills are not within six hundred feet of any premises authorized to be used for rectifying or refining distilled spirits by any process.
amount of such bond, and for that purpose may require from such sureties affidavits, abstract of title, or other evidences as to their solvency. The assessor shall indorse his approval on each bond, certifying that the bond is properly filled up and executed, and that the sureties thereon are, in his belief, sufficient.

Under the provision of section 59, as amended in the act of April 10, 1869, distillers of brandy from apples, peaches, or grapes, exclusively, producing less than one hundred and fifty barrels annually, are required to pay a special tax of fifty dollars per annum, and every such distiller producing more than one hundred barrels of forty proof gallons each within the year, shall pay an additional tax of four dollars for each and every such additional barrel over one hundred barrels.

The special tax of fifty dollars is an annual tax, commencing with the first day of May, of each year, and when paid within the year is to be estimated on the unexpired portion of the year, at the rate of fifty dollars per annum. For instance, a party commencing business in May, pays fifty dollars, but a party commencing business in September, pays but $25 of $50, or $33 33. The party paying the $50, is exempt from further special tax on the first one hundred barrels, forty proof gallons each; while the party paying the $33 33, is exempt on the first two-thirds of an additional barrel; and each party that pays the additional tax of four dollars per barrel upon every barrel in excess thereof. The special tax is to be charged for all of the month within which the bond is approved, no fractions of a month being recognized in estimating this tax, and the exemption from barrel tax is to be applied to the first barrels produced within the year.

5. (Section 19.) Every distiller from fruit must provide himself with a book in accordance with Form No. 25a, which is hereby prescribed by the Commissioner of Internal Revenue, in which he shall, from day to day, make or cause to be made a true and exact entry of the hours between which the still is operated each day; the kind, quantity, and condition of the fruits used; the number of times each still has been boiled off during each day; and the quantity of singlings and of brandy produced thereby; which book must be always kept open to the inspection of any revenue officer, and, when filled up, shall be preserved by the distiller for the period of not less than two years thereafter, and whenever required shall be produced for the inspection of any revenue officer. Severe penalties are provided in the law for altering, changing, consuming, or removing the spirits before the tax is paid thereon and the tax stamps attached thereto.

6. (Section 25.) On or before the 25th day of each month, the distiller shall notify the collector of his district, on Form A, stating the probable number of packages of brandy that will be distilled by him within the month, and probable number of wine gallons, with his request to have the same gauged and marked; and on the receipt of such notice, and after the last day of the month, the collector of the district shall cause the brandy produced during that month to be gauged, proved, and marked, as hereinafter directed, by a United States gauger, who, upon order of the collector, shall proceed at once to gauge, prove, and mark each package of such spirits as he may find at the distillery or designated place of deposit; and shall cut upon the bung stave of each package the wine gallons, the proof, and the proof gallons; and shall cut or burn on the head of each cask the name of such distiller, the district, the serial number of the cask and kind of spirits; and shall mark thereon the date of such gauge and the name of the gauger by which made and naming such seal and name of the person by whom made, and the number of the package in such way as to admit of the attaching of the tax-paid stamp between the same. The gauger, on completing each inspection, shall immediately make report thereof, in triplicate, on Form 59a, showing for whom gauged and where the number of packages, the serial number of each, the proof, the wine gallons and the proof gallons of each, the kind of spirits and the amount of tax thereon, and sign the same, delivering one copy thereof to the distiller, and transmitting one copy thereof to the assessor and one to the collector of the district. The fees for such gauging to be paid by the distiller, at such rates as are or may be prescribed by the Commissioner of Internal Revenue.

Distillers are at liberty to procure the book in any way they see fit. All of the foregoing requirements must be complied with by the distiller before the assessor can approve his bond, and the distiller must not commence work at his distillery before the bond is approved and the special tax paid.

On completing the process of distillation, the distiller must draw the brandy distilled by him into casks, each of not less capacity than ten gallons, wine measure, and must retain the same at the designated place of deposit at the distillery until the tax is paid thereon and the tax stamps attached thereto, as hereinafter directed.

Severe penalties are provided in the law for altering, changing, consuming, or removing the spirits before the tax is paid thereon and the tax stamps attached thereto.
shall make a return, in triplicate, on Form 15, showing the number of days within the preceding month upon which his stills were operated; between what hours of each day operated; the kind, quantity, and condition of fruit used, and the number of times each still was boiled off each day; the quantity of singlings produced; the aggregate number of proof gallons of brandy distilled during the month, and quantity of singlings on hand at the end of the month; which return shall be signed by the distiller and sworn to by him before the assessor, assistant assessor, or some other officer having packages, at the place previously designated by the gauger, and shall be brought by the distiller to the assessor, who, on receipt thereof, shall forthwith transmit one copy to the Commissioner of Internal Revenue and one copy to the collector of the district.

On payment of the tax upon the brandy, as shown in the gauger’s report, the collector shall prepare tax-paid stamps of the proper denomination, with all the blanks filled up according to the facts as appearing in such gauger’s return, including the serial number of the package to which each stamp is to be attached, which stamps shall be signed by the collector, as well as by the gauger making the return, and delivered to the distiller.

Upon the receipt from the collector of the tax-paid stamps, the distiller shall affix the same to the packages in a secure and permanent manner, by pasting the same upon the head of the package, at the place previously designated by the gauger, and by driving tacks, one in each corner, one in the centre and at each side of the stamp, making not less than seven in number; and shall cancel the same, by writing across the face of the stamp his name and the date upon which the stamp is affixed to the package, and varnish the stamp with a transparent varnish, so as to protect it from removal or damage by exposure; and shall cut or burn, in legible figures, upon the head of each cask, the serial number of the stamp attached thereto, and the date of the payment of the tax. In attaching the stamps, the distiller must be careful to attach each stamp to the package the serial number of which is given in the

Any distiller of brandy from apples, peaches, or grapes, desiring to avail himself of the privileges of a distillery warehouse, and of the bonding of the spirits of his own manufacture therein, may do so on complying with all the requirements of law in regard thereto, the same as if such provisions had not been included in the exemption set forth in the act.

The brandy, when put up, marked, and stamped as hereinbefore required, may be disposed of by the distiller under the authority of the ninth paragraph of section 1, act April 10, 1869, by sale or otherwise, at the place of manufacture, in the original casks or packages to which the tax stamps are affixed. Distillers, desiring to retain the brandy for their own consumption, must put it up, mark it, and stamp it, the same as if intended for sale. Under these regulations, it is permissible that a distiller, legally authorized, may receive either of the fruits named or the undistilled products thereof from another person for the purpose of distillation, returning to that other person all or a part of the brandy produced therefrom; but in such case the Government recognizes no person in the transaction but the distiller and the brandy when distilled must be put up, marked, and stamped, the same as if distilled by the distiller from his own fruits, and for his own consumption or sale. Distillers cannot dispose of the brandy distilled by them in any other than the tax-stamped packages, nor at any other place than the place of manufacture. Every distiller is required, from the date of the approval of his bond until he permanently discontinues business at his distillery, to render all the monthly notices and returns required, whether any distillation has been had at his distillery within the month or not; and where no distillation has been had, the returns shall show that fact. Distillers, desiring to permanently discontinue business, must do so by re-registering their stills as not for use, on Form 26, which form shall be executed in duplicate, and delivered to the assistant assessor of the division, who, on receipt thereof, will see that the still (or stills) is so dismantled as to prevent further distillation, and when so dismantled shall transmit said Form 26 to the assessor of the district, who, on receipt thereof, shall register such still as not for use, and transmit one copy of said Form 26 to the Commissioner of Internal Revenue.

7. (Section 20.) On the receipt of the distiller’s return, Form
15, in each month, the assessor shall inquire and determine whether said distiller has accounted in his return for the preceding month for all the brandy produced by him; and if the assessor is satisfied that the distiller has returned all the spirits produced by him, he will enter the quantity so reported on Form 89 as the amount to be accounted for during that month. If the quantity so reported by the distiller is less than 80 per cent. of the surveyed capacity of the distillery for the time run and material used, the assessor will assess the distiller 60 cents per proof gallon for every gallon of such deficiency, together with the special tax of $4 per barrel for every barrel of 40 proof gallons each; provided, that no tax of $4 per barrel shall be assessed until the number of barrels exempted under the special tax has been produced. If the assessor finds, upon an examination, that the distiller has not reported all spirits actually produced by him during the month, he will ascertain the quantity actually produced.

In determining the amount actually produced, the assessor shall ascertain the kind and quantity of materials used, and the time operated, and determine such amount therefrom, on the basis of the spirit-producing capacity of the materials used as fixed in the survey.

The time will be arrived at by aggregating the hours run and dividing by 24, counting any fraction as a whole day. In the absence of a satisfactory return of the materials used and time operated, he may base his estimate of actual production upon the surveyed capacity of the distillery for the period which it is ascertained it was operated, fixing the production at the full capacity thereof.

Whenever the actual production of brandy within the year shall be equal to the number of barrels exempted under the special tax, there shall be an additional tax of four dollars per barrel, forty proof gallons, for every barrel in excess of the number so exempted.

No assessment for per diem tax will hereafter be made against distillers of brandy from apples, peaches, or grapes, exclusively.

Additions for making Surveys.—(Section 10.) Under the provisions of section 10 of the act of July 20, 1868, the true producing capacity of each distillery must be ascertained and determined by the assessor of the district and the skilful person designated by the Commissioner of Internal Revenue to assist him therein. These designated assistants are appointed on the recommendation of the assessor of the district, and assessors should see that a sufficient number of suitable persons are recommended for appointment to meet all the requirements of the service. The reports of the surveys thus made are to be made out in triplicate on Form 99, signed by the assessor and his designated assistant, and one copy thereof delivered to the distiller, another retained by the assessor, and the third transmitted to the Commissioner of Internal Revenue, with the certificate of the assessor thereon showing the date on which the copy was delivered to the distiller.

Fruit distilleries having no ascertainable mashing or fermenting capacity, the true producing capacity thereof is determined solely on the capacity for distillation. This is arrived at by determining, first, the capacity in gallons of each still, making proper deduction for boiling space; second, the number of boilings of each still that can be effected in twenty-four hours, of each condition of the material to be used; third, the spirit-producing capacity of the material in each condition.

The capacity in gallons of each still may be ascertained either by arithmetical calculation, or by filling the same and measuring the contents. When done by filling and measuring the contents, the columns in Form 99 for diameters may be left blank, and a note entered on the face of the report showing that the capacity was ascertained by measurement of contents. Twenty per cent. must be deducted from the total capacity of each still, as an allowance of space for boiling. For instance, a still holding 100 gallons will boil 80 gallons, and 20 gallons will be the allowed space for boiling.

The number of boilings that can be effected of each material in twenty-four hours is to be determined in view of the appliances in use for that purpose. When steam is used, a greater number of boilings can be ordinarily effected than where furnace heat is used; and the number of boilings effected with furnace heat depends upon the shape of the still and the amount of the surface exposed to the action of the heat, and the manner in which the still is set. It is believed that ordinarily seven boilings of fruit, in any of the conditions in which it is used, may be had in twenty-four hours.

The total number of boilings that can be had having been ascertained, proper deduction should be made for doubling; as, for instance, a still that can be boiled off seven times in twenty-four hours may require two boilings to double the single distillings produced, thus leaving a capacity of five boilings in twenty-four hours.

Apples, peaches, and grapes, from which brandy is distilled, are used in such a variety of conditions, in different sections of the country, that it is difficult to give a classification of these materials which will embrace every condition in which they may be used. The following classification will, however, be found sufficiently comprehensive to embrace any of the ordinary conditions in
BLANK FORMS.

(36.)

UNITED STATES INTERNAL REVENUE.

REGISTRY OF STILLS.

(To be returned in duplicate to the Assistant Assessor by every person having in his possession or custody, or under his control, any still or distilling apparatus set up. Persons failing to register, become liable to a penalty of five hundred dollars, and fine of not less than one hundred dollars nor more than one thousand dollars, and imprisonment for not less than one month nor more than two years, in addition to forfeiture of the still and all personal property found in the building, &c., where the same shall be set up. (Act of July 20, 1868, section 6.) A copy of each notice on this form is to be immediately forwarded to the Commissioner of Internal Revenue.)


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Received for registry, this — day of — , A.D. 18— —

Assistant Assessor — Division, —

Collection District, —

(37.)

UNITED STATES INTERNAL REVENUE.

NOTICE BY DISTILLERS OF APPLES, PEACHES, OR GRAPES, EXCLUSIVELY.

(To be returned in duplicate to the Assessor of the District by every person engaged in, or intending to be engaged in, the business of a fruit distiller. Persons failing to give notice, become liable to a penalty of one thousand dollars and a fine of not less than one hundred dollars nor more than two thousand dollars. Act of July 20, 1868, section 6.)

[To be filled in as required by the Assessor of the District.]