

DRAW-BACK UPON EXPORTATION OF DISTILLED SPIRITS AND WINES

JUNE 30 (legislative day, APRIL 21), 1947.—Ordered to be printed

Mr. MILLIKIN, from the Committee on Finance, submitted the following

REPORT

[To accompany H. R. 959]

The Committee on Finance to whom was referred the bill (H. R. 959) to amend section 3179 (b) of the Internal Revenue Code, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

By virtue of this action, the committee adopts the Committee on Ways and Means report which follows:

GENERAL STATEMENT

The purpose of this bill is to facilitate the exportation of distilled spirits and wines by permitting, subject to regulations prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, the use of casks or packages (barrels or similar containers) other than bottles in packaging tax-paid distilled spirits and wines for export with benefit of draw-back.

Section 3179 (b) of the Internal Revenue Code now provides for the allowance of a draw-back equal to the tax found to have been paid upon the exportation of tax-paid bottled distilled spirits and wines which have been bottled especially for export. Under existing law distilled spirits and wines upon which the internal-revenue taxes have been paid may be exported in casks or packages with benefit of draw-back only if those casks or packages are distillers' original casks or packages containing not less than 20 wine gallons as required by section 2887 of the Internal Revenue Code.

TECHNICAL ANALYSIS

Under section 3179 (b) of the Internal Revenue Code, 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 is allowed, under regulations prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary, a draw-back equal in amount to the tax found to have been paid on such distilled spirits and wines, provided such distilled spirits and wines have been bottled especially for export. This bill would amend section 3179 (b) of the Internal Revenue Code to provide for the allowance of draw-back upon the exportation of tax-paid distilled spirits and wines of domestic

manufacture or production "contained in any cask or package or in bottles packed in cases or other containers" if such distilled spirits and wines have been "packaged or bottled especially for export." The bottling or packaging of the distilled spirits and wines, the exportation thereof, and the determination of the amount and payment of draw-backs will be subject to regulations prescribed by the Commissioner with the approval of the Secretary.

The Treasury Department has advised that the draw-back provision of section 3179 (b) has presented no serious administrative difficulties during the more than 10 years the statute has been in effect, although numerous transactions have been conducted under this authority. It is believed that the privileges of the section may be extended as provided in the instant bill without endangering the revenues. The amendment will facilitate the exportation of distilled spirits and wines and will not involve an increase in expenses of administration.

The Treasury Department expressed no objection to enactment of the bill in a report addressed to the chairman of your committee.

CHANGES IN EXISTING LAW

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is shown in brackets; new matter is printed in italics; existing law in which no change is proposed is shown in roman):

"SEC. 3179. EXEMPTION AND DRAW-BACK IN CASE OF EXPORTATION. * * *

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"(b) DRAW-BACK.—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, *and which are contained in any cask or package or in bottles packed in cases or other containers*, there shall be allowed, under regulations to be prescribed by the Commissioner, with the approval of the Secretary, a draw-back 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 *packaged or bottled especially for export*, under regulations prescribed by the Commissioner with the approval of the Secretary. **[The Secretary]** *The Commissioner, with the approval of the Secretary*, is authorized to prescribe regulations governing the determination and payment of draw-back of internal-revenue tax on domestic distilled spirits and wines, including the requirement of such notices, bonds, bills of lading, and other evidence of payment of tax and exportation as **[the Secretary deems necessary]** *shall be deemed necessary.*"

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