
RELATING TO THE TRANSFER AND PAYMENT OF TAX ON VODKA AND GIN

DECEMBER 14 (legislative day, NOVEMBER 27), 1950.—Ordered to be printed

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

REPORT

[To accompany H. R. 7932]

The Committee on Finance, to whom was referred the bill (H. R. 7932) to amend section 2883 (d) of the Internal Revenue Code, as amended, by Public Law 448, Eighty-first Congress, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

GENERAL STATEMENT

The purpose of this bill is to provide that vodka of any proof may be transferred in bond by pipeline from receiving cisterns in distilleries direct to storage tanks in an internal revenue bonded warehouse located on the bonded premises where produced, or located contiguous thereto. The bill also provides that vodka may, upon tax payment, be transferred by pipeline from such storage tanks to a contiguous tax-paid bottling house or rectifying plant. Public Law 448, Eighty-first Congress, second session, enacted similar provisions as to gin. Since the characteristics of gin and vodka are quite similar, your committee believes that similar provisions should be enacted as to vodka.

The purpose of Public Law 448 was to modernize the requirements and procedures for the warehousing and tax payment of domestically distilled spirits by providing for the use of tax-stamp machines and other devices as an alternative method of paying the tax, and it applied substantially the same principles of taxation for distilled spirits which had been authorized previously by Congress in the case of fermented malt liquors in Public Law 261, Eighty-first Congress.

Vodka is a beverage distilled spirit comparable to gin with respect to manufacture and the lack of necessity for aging for an extended period. Like gin, it is not warehoused in plain or charred wooden

casks or packages to perfect its quality for marketing as are other beverage distilled spirits.

Your committee believes that it is proper to draw a distinction between the warehousing of vodka and gin of less than 160° of proof in storage tanks in a bonded warehouse located on or contiguous to the distillery premises, and the warehousing of other distilled spirits of similar proof in such storage tanks. If vodka produced at a proof of less than 160° were permitted to be transferred by pipeline into storage tanks in an internal revenue bonded warehouse located on or contiguous to the distillery premises, and later, upon tax payment, transferred by pipeline to proper contiguous premises, a saving of time and money to both the industry and the Government would result.

The Treasury Department has advised your committee that it does not object to the enactment of this legislation.

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets; new matter is printed in italics; existing law in which no change is proposed is shown in roman):

SECTION 2883 (D) OF THE INTERNAL REVENUE CODE

(d) TRANSFER OF GIN AND VODKA.—Gin and vodka 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,] *Upon tax payment either in the cistern rooms of distilleries or in internal revenue bonded warehouses, such gin and vodka of any proof may be transferred by pipe line to a contiguous tax-paid bottling house or rectifying plant.*

