

REFUND OF TAX ON DISTILLED SPIRITS AND WINES RENDERED UNMARKETABLE AS RESULT OF HURRI- CANES OF 1954

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JULY 29, 1955.—Ordered to be printed
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Mr. BYRD, from the Committee on Finance, submitted the following

R E P O R T

[To accompany H. R. 5249]

The Committee on Finance, to whom was referred the bill (H. R. 5249) to amend the Internal Revenue Code of 1954 to provide for refund or credit of internal revenue taxes and custom duties paid on distilled spirits and wines lost, rendered unmarketable, or condemned by health authorities as a result of the hurricanes of 1954, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

By virtue of this act, the Committee on Finance accepts the report of the Committee on Ways and Means, which is as follows:

PURPOSE OF BILL

This bill provides for certain refunds or credits in the case of distillers, winemakers, or rectifiers for the amount of excise tax and customs duties paid on distilled spirits and wine lost or rendered unmarketable, or condemned by a duly authorized health official, by reason of the 1954 hurricanes.

REASONS FOR BILL

Your committee believes that in view of the heavy burden of the tax on alcoholic beverages, it is desirable to provide for refunds of such taxes where heavy losses are sustained in a general emergency by dealers and other persons holding tax-paid stocks of such products. This bill grants relief similar to that provided for spirits destroyed by the 1951 floods by section 498 of the Revenue Act of 1951, except that this bill includes wines and winemakers, and it provides that spirits or wines condemned by a duly authorized health official are within the scope of the provision.

GENERAL STATEMENT

The bill authorizes and directs the Secretary of the Treasury under certain conditions to make refund, or allow credit, to a distiller, winemaker, or rectifier who so elects for the amount of the internal revenue tax and customs duties paid on distilled spirits and wines which are lost or rendered unmarketable or condemned by a duly authorized health official by reason of the 1954 hurricanes. For such refund or credit to be made, the spirits or wines must have been lost,

rendered unmarketable, or condemned while in the possession of (1) the original taxpayer, (2) a rectifier, or (3) a wholesale or retail liquor dealer. The refund may be made to any of these persons except a retail liquor dealer. It may also be made to any distiller, winemaker, rectifier, importer, or wholesale liquor dealer who replaced, for the possessor of the spirits or wines (including retailers), the lost unmarketable, or condemned spirits or wines without compensation for the tax or duty.

The claimant of a credit or refund must furnish proof that (1) the tax and any duty on the beverages have been paid; (2) the beverages were lost or rendered unmarketable, or condemned by a duly authorized health official of the United States or of a State; (3) the claimant was not indemnified by insurance or otherwise against loss of the tax and any duty; and (4) where applicable, the claimant has replaced for the possessor the equivalent of the spirits or wines lost, rendered unmarketable, or condemned without compensation for the tax and any duty.

When the Secretary of the Treasury makes a refund or allows a credit under this bill for the beverages rendered unmarketable or condemned, the beverages must be destroyed under the supervision of the Secretary or his delegate unless the spirits or wines were destroyed under the supervision or observation of the Secretary or his delegate prior to the enactment of this bill.

The Secretary is authorized to prescribe any rules and regulations as may be necessary to carry out the provisions of this bill. Any claim for refund or credit must be filed with the Secretary within 90 days after enactment of the bill.

Your committee has reported this bill unanimously.

