

TAX PROVISIONS RELATING TO DISTILLED SPIRITS AND TARIFF CLASSIFICATION OF CERTAIN SUGARS, SIRUPS, AND MOLASSES

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Mr. LONG of Louisiana, from the Committee on Finance,
submitted the following

REPORT

[To accompany H.R. 11394]

The Committee on Finance, to which was referred the bill (H.R. 11394) to amend certain provisions of the Internal Revenue Code of 1954 relating to distilled spirits, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

I. SUMMARY

The Committee accepted the bill H.R. 11394 as passed by the House with the addition of a provision on another matter. H.R. 11394 as passed by the House makes three amendments to the distilled spirits excise tax provisions of the Internal Revenue Code of 1954 and makes corresponding amendments to two provisions in title 19 of the United States Code.

First, the bill deals with abatements, etc., of tax in the case of the loss of distilled spirits withdrawn from bond for rectification or bottling. Existing law provides relief where there is a loss of the withdrawn distilled spirits before completion of the packaging of the spirits. The bill extends this by allowing abatement, etc., of tax after completion of the packaging but before removal from the distilled spirits plant premises, in the event of disaster loss.

Second, the bill simplifies distilled spirits exportation procedures by permitting the stamping and marking of such spirits for export after they have left the premises of the plant where they were originally bottled. Drawback in the case of export is presently available only if the spirits were so stamped and marked on the premises of the plant

where they were bottled and only before being withdrawn. Under the bill, only the bottler or packager of the spirits can apply for the drawback. A corresponding amendment is made to title 19 to assure that this more flexible treatment is available for ships' supplies.

Third, the bill makes available to all imported distilled spirits in bulk containers the privilege presently available to imported distilled spirits of at least 185 proof, to be transferred from customs custody to internal revenue bond without payment of the internal revenue tax. The bill relieves the importer of liability for such taxes when the transferee of the spirits becomes liable. It also makes clear that these imported spirits are not entitled to be "bottled in bond," a privilege reserved for domestic distilled spirits. A related amendment is made to the tariff schedules, which presently tie customs duties to internal revenue tax liabilities.

The purpose of the amendment added by the committee is to modify item 155.40 (relating to molasses, including dried molasses, for use other than the commercial extraction of sugar for human consumption) of the Tariff Schedules of the United States (TSUS) by broadening the article description to make certain other products derived from sugarcane and sugar beets dutiable at the existing rate (0.012 cent per pound of total sugars) imposed by such item. Further, the bill would establish a procedure for making such duty treatment applicable to such products which were entered after August 30, 1963, and before the date of enactment. Finally H.R. 16552 would provide for the liquidation or reliquidation of certain specified entries of sugar at Philadelphia at the rate of 0.012 cent per pound of total sugars.

The Treasury Department has informed the committee that it has no objections to the enactment of this bill.

II. DISTILLED SPIRITS

A. Casualty losses of distilled spirits (sec. 1 of the bill and sec. 5008(c) of the code)

Reasons for change.—The internal revenue tax on distilled spirits is generally determined when the spirits are withdrawn from bond. Abatement, remission, credit, or refund of this tax may be made when distilled spirits, which are withdrawn for rectification or bottling, are lost either by accident during removal to the bottling premises or by flood, fire, or other disaster, before completion of the bottling and casing or other packaging of the spirits for removal from the bottling premises of the distilled spirits plant to which the spirits were removed from bond. This provision was added to the code by the Excise Tax Technical Changes Act of 1958.

The committee understands that losses of taxpaid distilled spirits during the period after packaging but before removal from the bottler's premises occur infrequently and irregularly. However, insurance coverage for this period is relatively costly since it must cover the amount of the presently nonreimbursable distilled spirits tax.

For these reasons the committee agrees with the House that the 1958 relief provision in effect should be extended to the point where the spirits leave the plant premises.

Since abatement, etc., will be allowed under this provision only as to losses occurring before removal from the distilled spirits plant premises to which the spirits had been removed from bond, no administrative difficulties are foreseen in policing this provision.

Changes made by provision.—The bill allows abatement, etc., if the casualty loss occurs after completion of the packaging but before the spirits have been removed from the premises of the distilled spirits plant to which removed from bond, as well as the allowance of abatements, etc., under present law if the loss occurs before completion of the packaging process.

B. Drawback in the case of exportation of distilled spirits (sec. 2 of the bill and sec. 5062(b) of the code and sec. 313(d) of the Tariff Act of 1930)

Reasons for change.—A drawback is presently authorized for internal revenue taxes paid or determined on distilled spirits or wines which are exported. However, the export drawback for distilled spirits is available only if the packages or bottles have been stamped or marked specially for export or, if originally bottled for domestic use, they have been restamped and marked for export at the distilled spirits plant where they were originally bottled and before they were removed from the plant. Before 1958, the drawback was available only if the distilled spirits were bottled or packaged for export.

Present law appears to unduly restrict the flexibility of the distilled spirits industry with regard to exportation. The requirement that the bottles or packages must be marked for export before removal from the original bottling plant creates difficulties when export orders are canceled or reduced and also makes it difficult to fill export orders as expeditiously as might otherwise be the case. The 1958 legislation recognized this need by no longer requiring repackaging of the spirits. However, the statutory requirement that relabeling and marking be done on the original distilled spirits plant premises is no longer needed to insure proper control by the Internal Revenue Service.

Changes made by provision.—The bill permits, under Treasury regulations, drawback of the tax where the stamping, restamping, or marking is done after the spirits have been removed from the original bottling plant. (A conforming amendment to sec. 313 of the Tariff Act of 1930, as amended (19 U.S.C. sec. 1313(d)), provides the same procedure with regard to distilled spirits exported as ships' stores.) Such claims may be filed only by the bottler or packager of the spirits.

This bill provides flexibility while giving the Internal Revenue Service sufficient regulatory authority, in conjunction with existing law that is continued, to insure that stamping, restamping, or marking, will be done only under appropriate supervision and that the drawback will be allowed only where appropriate evidence is presented as to actual exportation of the distilled spirits. In order to insure proper controls and to avoid a substantial increase in the number of people who may file claims for drawback under this provision, such claims may be filed only by bottlers or packagers.

C. Withdrawal of imported distilled spirits from customs custody (sec. 3 of the bill and sec. 5232 of the code and sec. 1202 of title 19 of the United States Code)

Reasons for changes.—In general, both customs duty and internal revenue taxes on imported distilled spirits are paid when those spirits

are withdrawn from customs custody. An exemption is provided in present law for distilled spirits of at least 185 proof, which may be transferred to internal revenue bond for nonbeverage use without payment of internal revenue taxes. Provision is made for later redistillation and denaturation or withdrawal for any purpose, of these high-proof spirits with payment of internal revenue taxes at the time that payment would have been made if those spirits had been domestic.

The bill permits deferral of the time for payment of the distilled spirits tax until removal from internal revenue bond rather than from customs custody. This would be similar to the procedures now applicable to domestic distilled spirits removed from bond. Operators of distilled spirits plants will be able to use just the internal revenue bonded storage facility for the warehousing of bulk containers for imported distilled spirits, and will not have to continue the present practice of maintaining a separate warehousing and gaging facility under customs custody. This procedure is similar to tobacco tax provisions applicable to imported tobacco products and cigarette papers and tubes.

Changes made by provision.—The bill permits withdrawal in bulk containers or by pipeline from customs custody to internal revenue bond without payment of internal revenue taxes of all imported distilled spirits in bulk containers regardless of proof. It similarly extends to all such imported distilled spirits the withdrawal privileges presently available to imported distilled spirits of at least 185 proof whether or not they have been redistilled or denatured.

Although present law appears to make the transferee of the distilled spirits liable for the internal revenue tax when the spirits are transferred under this section, the transferor also continues to be liable. The Treasury Department has given assurances that this double liability is not needed for proper administration of the alcohol tax laws, especially in view of the broad regulatory powers granted to the Internal Revenue Service. Accordingly, the bill makes clear that, where physical transfer of spirits involves a transfer to another person, the transferee becomes liable for the internal revenue taxes. Under this bill, the transferor's liability ceases when the transferee's liability attaches. The bill also makes it clear that imported bulk spirits are not eligible for the "bottled in bond" privileges available to domestic spirits.

Finally, this bill makes a related amendment to impose customs duties upon imported distilled spirits when removed from customs custody under section 5232, even though no internal revenue taxes are determined at that time.

D. Effective date

The effective date of the first three sections of the bill is the first day of the first calendar month which begins more than 90 days after the date of enactment of the bill.

III. TARIFF CLASSIFICATIONS OF CERTAIN SUGARS, SIRUPS, AND MOLASSES

General statement.—Invert or high-test molasses, the principal product covered by this amendment, is produced from the concen-

trated juice or sap of the sugar beet or sugarcane (in the form of sucrose) by treating it to convert part of the sucrose into invert sugar. By such treatment, crystallization is prevented, and the product may be stored for considerable periods of time. This product is usually used for other than human consumption or commercial extraction of sugars. Its primary uses are for the distillation of alcohol, as livestock feed, and other industrial uses.

Prior to August 31, 1963 (the effective date of the TSUS), imports of "invert or high-test molasses" were dutiable at the rate of duty applicable under paragraph 502 of the former tariff schedules (section 1 of the Tariff Act of 1930) to molasses imported for use other than the commercial extraction of sugar or human consumption. The assessment of duty at this rate was based on the "similitude" provision in paragraph 1559 of such section 1. The same duty treatment, by similitude, was also accorded to certain other products containing over 6 percent by weight of soluble nonsugar solids which products resulted from a manipulation in bonded warehouse consisting of the admixing of sugars and molasses. The Bureau of Customs practices based on similitude under such paragraph 1559 were not of public record, and these particular similitude practices were not called to the attention of the Tariff Commission when it drafted item 155.40 of the new tariff schedules. As a result, the products which were covered by such practices are presently dutiable under the TSUS at rates considerably higher than the rate of 0.012 cent per pound of total sugars imposed under item 155.40.

In the absence of the change in classification as proposed by this amendment imports of these products will remain dutiable at rates considerably higher than they were prior to the new tariff schedules.

General explanation.—The provision added by the committee amends the item description for item 155.40 to include: "sugars, sirups, molasses, and mixtures thereof; all the foregoing derived from sugarcane or sugar beets and containing soluble nonsugar solids (excluding any foreign substance that may have been added or developed in the product) equal to over 6 percent by weight of the total soluble solids, if imported for use other than (a) the commercial extraction of sugar, or (b) human consumption." The item description will provide greater clarity and certainty in classification and in particular, will avoid a conflict with the definition of liquid sugar as set forth in the Sugar Act of 1948 (7 U.S.C. 1101(f)).

The amendment provides that the provision described above will be effective on or after the date of enactment of the bill. It is further provided that the entries of articles described under 155.40 which were made after August 30, 1963, and before the date of enactment, may be liquidated or reliquidated as though such entries or withdrawals had been made on the date of enactment. This provision for retroactive liquidation or reliquidation is subject to a request being filed therefor with the customs officer concerned on or before the 120th day after enactment.

The amendment further provides for the liquidation or reliquidation of certain entries of sugar at Philadelphia, Pa., at the rate of duty of 0.012 cent per pound of total sugars, upon the furnishing of appropriate evidence that the sugar was not used for human consumption or for the commercial extraction of sugar.

Favorable reports on this amendment were received from the Departments of State, Treasury, Agriculture, and Commerce. An informative report was received from the Tariff Commission.

IV. 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, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

INTERNAL REVENUE CODE OF 1954

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SEC. 5008. ABATEMENT, REMISSION, REFUND, AND ALLOWANCE FOR LOSS OR DESTRUCTION OF DISTILLED SPIRITS.

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(c) LOSS OF DISTILLED SPIRITS WITHDRAWN FROM BOND FOR RECTIFICATION OR BOTTLING.—

(1) GENERAL.—Whenever any distilled spirits withdrawn from bond on payment or determination of tax for rectification or bottling are lost [before the completion of the bottling and casing or other packaging of such spirits for removal from the bottling premises] *before removal from the premises* of the distilled spirits plant to which removed from bond, the Secretary or his delegate shall, under such regulations as he may prescribe, abate, remit, or, without interest, credit or refund the tax imposed on such spirits under section 5001(a)(1) to the proprietor of the distilled spirits plant who withdrew the distilled spirits on payment or determination of tax for removal to his bottling premises, if it is established to the satisfaction of the Secretary or his delegate that—

(A) such loss occurred (i) by reason of accident while being removed from bond to bottling premises, or (ii) by reason of flood, fire, or other disaster; or

(B) such loss occurred (i) *before the completion of the bottling and casing or other packaging of such spirits for removal from the bottling premises* and (ii) by reason of, and was incident to, authorized rectifying, packaging, bottling, or casing operations (including losses by leakage or evaporation occurring during removal from bond to the bottling premises and during storage on bottling premises pending rectification or bottling).

(2) LIMITATION.—No abatement, remission, credit, or refund of taxes shall be made under this subsection—

(A) in any case where the claimant is indemnified or recompensed for the tax:

(B) in excess of the amount allowable under paragraph (3), in case of losses referred to in paragraph (1)(B); or

(C) unless a claim is filed, under such regulations as the Secretary or his delegate may prescribe, by the proprietor of the distilled spirits plant who withdrew the distilled spirits

on payment or determination of tax, (i) within 6 months from the date of the loss in case of losses referred to in paragraph (1)(A), or (ii) within 6 months from the close of the fiscal year in which the loss occurred in case of losses referred to in paragraph (1)(B).

The quantity of distilled spirits lost within the meaning of subparagraph (B) of paragraph (1) shall be determined at such times and by such means or methods as the Secretary or his delegate shall by regulations prescribe.

(3) MAXIMUM LOSS ALLOWANCES—

(A) If all the alcoholic ingredients used in distilled spirits products during the fiscal year were distilled spirits withdrawn from bond by the proprietor of the bottling premises on payment or determination of tax, for removal to such premises, the loss allowable in such fiscal year under paragraph (1)(B) shall not be greater than the excess of losses over gains, and shall not exceed the maximum amount of loss allowable as shown in the following schedule:

If total completions during the fiscal year in proof gallons are:	The maximum allowable loss in proof gallons is:
Not over 24,000.....	2 percent of completions.
Over 24,000 but not over 120,000.....	480 proof gallons plus 1% of excess over 24,000.
Over 120,000 but not over 600,000.....	1,440 proof gallons plus .6% of excess over 120,000.
Over 600,000 but not over 2,400,000.....	4,320 proof gallons plus .3% of excess over 600,000.
Over 2,400,000.....	9,720 proof gallons plus .2% of excess over 2,400,000.

The Secretary or his delegate may, by regulations, reduce the amount of the maximum allowable losses in the preceding schedule when he finds that such adjustment is necessary for protection of the revenue, or increase the amount of such maximum allowable losses if he finds that such may be done without undue jeopardy to the revenue and is necessary to more nearly provide for the actual losses described in paragraph (1)(B). However, in no event shall allowable losses exceed 2 percent of total completions.

(B) If alcoholic ingredients other than distilled spirits withdrawn from bond by the proprietor of the bottling premises on payment or determination of tax, for removal to such premises, were used in distilled spirits products during the fiscal year, the loss allowable under paragraph (1)(B) shall be determined by first obtaining the amount that would have been allowable if all of the ingredients had been distilled spirits withdrawn from bond by the proprietor of the bottling premises on payment or determination of tax, for removal to such premises, and thereafter reducing this amount by an amount proportional to the percentage which the total proof gallons of such alcoholic ingredients bears to the total proof gallons of all alcoholic ingredients used in such distilled spirits products.

(C) As used in this subsection, the term "completions" means the distilled spirits products bottled and cased or otherwise packaged or placed in approved containers for removal from the bottling premises, and the term "fiscal year" means the period from July 1 of a calendar year through June 30 of the following year.

(D) The Secretary or his delegate may, under such regulations and conditions as he may prescribe, make tentative allowances for losses provided for in paragraph (1)(B), for fractional parts of a year, which allowances shall be computed by the procedures prescribed in paragraphs (3)(A) and (3)(B), except that the numerical values for the completions and for the maximum allowable losses in proof gallons in the schedule in paragraph (3)(A) shall be divided by the number of such fractional parts within the fiscal year.

(E) The loss allowable to any proprietor qualifying for abatement, remission, credit, or refund of taxes under paragraph (1)(B) shall not exceed the quantity which would be allowed by a tentative estimates schedule constructed in accordance with paragraph (3)(D) for the portion of the fiscal year that such proprietor was qualified to operate the distilled spirits plant.

(F) Notwithstanding the limitations contained in the schedule in paragraph (3)(A) the Secretary or his delegate may, under such regulations as he may prescribe, in addition to the losses allowable under paragraphs (1)(A) and (1)(B), allow actual determined losses incurred in the manufacture of gin and vodka where produced in closed systems in a manner similar to that authorized on bonded premises.

(4) **ELIGIBLE PROPRIETORS.**—

(A) The term "proprietor" as used in this subsection and in subsection (b)(2) shall, in the case of a corporation, include all affiliated or subsidiary corporations who are qualified during the fiscal year for successive operation of the same bottling premises and who make joint application to the Secretary or his delegate to be treated as one proprietor for the purposes of this subsection and subsection (b)(2) and who comply with such conditions as the Secretary or his delegate may by regulations prescribe.

(B) For the purposes of this subsection and subsection (b)(2) a proprietor of bottling premises of a distilled spirits plant who makes application to the Secretary or his delegate for the withdrawal of distilled spirits from bond on payment of tax for removal to such bottling premises shall be deemed to be the proprietor who withdrew distilled spirits on payment of tax, and the distilled spirits withdrawn pursuant to such application shall be deemed to have been withdrawn by such proprietor on payment of tax, whether or not he was the person who paid the tax.

(5) **APPLICABILITY.**—This subsection shall apply in respect of losses of distilled spirits withdrawn from bond on or after July 1, 1959. This subsection shall also apply in respect of losses, occurring on or after July 1, 1959, and after dumping for rectification

or bottling, of distilled spirits withdrawn from bond prior to July 1, 1959, and such spirits shall be considered as having been withdrawn from bond on payment or determination of tax by the proprietor of the bottling premises at which the spirits are dumped for rectification or bottling.

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SEC. 5062. REFUND AND DRAWBACK IN CASE OF EXPORTATION.

(a) **REFUND.**—Under such regulations as the Secretary or his delegate may prescribe, the amount of any internal revenue tax erroneously or illegally collected in respect to exported articles may be refunded to the exporter of the article, instead of to the manufacturer, if the manufacturer waives any claim for the amount so to be refunded.

(b) **DRAWBACK.**—On the exportation of distilled spirits or wines manufactured or produced in the United States on which an internal revenue tax has been paid or determined, and which are contained in any cask or package, or in bottles packed in cases or other containers, there shall be allowed, under regulations prescribed by the Secretary or his delegate, a drawback equal in amount to the tax found to have been paid or determined on such distilled spirits or wines. [The preceding sentence shall not apply unless such distilled spirits have been packaged or bottled especially for export, or, in the case of distilled spirits originally bottled for domestic use, have been restamped and marked especially for export at the distilled spirits plant where originally bottled and before removal therefrom, under regulations prescribed by the Secretary or his delegate.] *In the case of distilled spirits, the preceding sentence shall not apply unless the claim for drawback is filed by the bottler or packager of the spirits and unless such spirits have been stamped or restamped, and marked, especially for export, under regulations prescribed by the Secretary or his delegate.* The Secretary or his delegate is authorized to prescribe regulations governing the determination and payment or crediting of drawback of internal revenue tax on domestic distilled spirits and wines, including the requirement of such notices, bonds, bills of lading, and other evidence indicating payment or determination of tax and exportation as shall be deemed necessary.

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[SEC. 5232. IMPORTED DISTILLED SPIRITS.

[Imported distilled spirits of 185 degrees or more of proof (or spirits of any proof imported for any purpose incident to the requirements of the national defense) may, under such regulations as the Secretary or his delegate shall prescribe, be withdrawn from customs custody, and transferred to the bonded premises of a distilled spirits plant, for nonbeverage use, without payment of the internal revenue tax imposed on imported distilled spirits by section 5001. Such spirits may be redistilled or denatured and may, without redistillation or denaturation, be withdrawn for any purpose authorized by this chapter, in the same manner as domestic distilled spirits.]

SEC. 5232. IMPORTED DISTILLED SPIRITS.

(a) *TRANSFER TO DISTILLED SPIRITS PLANT WITHOUT PAYMENT OF TAX.*—Imported distilled spirits in bulk containers may, under such regulations as the Secretary or his delegate shall prescribe, be withdrawn from customs custody and transferred in such bulk containers or by pipeline to the bonded premises of a distilled spirits plant without payment of the internal revenue tax imposed on imported distilled spirits by section 5001. The person operating the bonded premises of the distilled spirits plant to which such spirits are transferred shall become liable for the tax on distilled spirits withdrawn from customs custody under this section upon release of the spirits from customs custody, and the importer shall thereupon be relieved of his liability for such tax.

(b) *WITHDRAWALS, ETC.*—Imported distilled spirits transferred pursuant to subsection (a)—

(1) may not be bottled in bond under section 5233,

(2) may be redistilled or denatured only if of 185 degrees or more of proof, and

(3) may be withdrawn for any purpose authorized by this chapter, in the same manner as domestic distilled spirits.

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**SECTION 313(d) OF THE TARIFF ACT OF 1930
(19 U.S.C. 1313(d))**

SEC. 313. DRAWBACK AND REFUNDS.

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(d) *FLAVORING EXTRACTS AND MEDICINAL OR TOILET PREPARATIONS.*—Upon the exportation of flavoring extracts, medicinal or toilet preparations (including perfumery) manufactured or produced in the United States in part from domestic alcohol on which an internal-revenue tax has been paid, there shall be allowed a drawback equal in amount to the tax found to have been paid on the alcohol so used.

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 or determined, there shall be allowed, under regulations to be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, a drawback equal in amount to the tax found to have been paid or determined on such bottled distilled spirits and wines [*Provided*, That such distilled spirits and wines have been bottled especially for export, under regulations prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury]. *In the case of distilled spirits, the preceding sentence shall not apply unless the claim for drawback is filed by the bottler or packager of the spirits and unless such spirits have been stamped or restamped, and marked, especially for export, under regulations prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury.*

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TARIFF SCHEDULES OF THE UNITED STATES
SCHEDULE 1.—ANIMAL AND VEGETABLE PRODUCTS

Item	Articles	Rates of duty	
		1	2
	<p style="text-align: center;">• • • •</p> <p style="text-align: center;">PART 10.—SUGAR; COCOA; CONFECTIONERY</p> <p style="text-align: center;">SUBPART A.—SUGARS, SIRUPS, AND MOLASSES</p> <p><i>Subpart A headnotes:</i></p> <p>1. The term "degree", as used in the "Rates of Duty" columns of this subpart, means sugar degree as determined by polariscopic test.</p> <p>2. The rates in column numbered 1 in Items 155.20 and 155.30 on January 1, 1968, shall be effective only during such time as title II of the Sugar Act of 1948 or substantially equivalent legislation is in effect in the United States, whether or not the quotas, or any of them, authorized by such legislation, are being applied or are suspended: <i>Provided,</i></p> <p>(i) That, if the President finds that a particular rate not lower than such January 1, 1968, rate, limited by a particular quota, may be established for any articles provided for in Item 155.20 or 155.30, which will give due consideration to the interests in the United States sugar market of domestic producers and materially affected contracting parties to the General Agreement on Tariffs and Trade, he shall proclaim such particular rate and such quota limitation, to be effective not later than the 90th day following the termination of the effectiveness of such legislation;</p> <p>(ii) That any rate and quota limitation so established shall be modified if the President finds and proclaims that such modification is required or appropriate to give effect to the above considerations; and</p> <p>(iii) That the January 1, 1968, rates shall resume full effectiveness, subject to the provisions of this headnote, if legislation substantially equivalent to title II of the Sugar Act of 1948 should subsequently become effective.</p> <p style="text-align: center;">• • • •</p>		
155.40	<p>[Molasses, including dried molasses, imported for use other than (a) the commercial extraction of sugar, or (b) human consumption] Sugars, sirups, molasses, and mixtures thereof; all the foregoing derived from sugarcane or sugar beets and containing soluble nonsugar solids (excluding any foreign substance that may have been added or developed in the product) equal to over 6 percent by weight of the total soluble solids, if imported for use other than (a) the commercial extraction of sugar, or (b) human consumption.</p> <p style="text-align: center;">• • • •</p> <p style="text-align: center;">PART 12.—BEVERAGES</p>	0.012¢ per lb. of total sugars.	0.03¢ per lb. of total sugars.
Item	Articles	Rates of duty	
		1	2
	<p><i>Part 12 headnotes:</i></p> <p>3. The duties prescribed on products covered by this part are in addition to the internal-revenue taxes imposed under existing law or any subsequent act. The duties imposed on products covered by this part which are subject also to internal revenue taxes are imposed only on the quantities subject to such taxes; <i>except that, in the case of distilled spirits transferred to the bonded premises of a distilled spirits plant under the provisions of section 5252 of the Internal Revenue Code of 1954, the duties are imposed on the quantity withdrawn from customs custody.</i></p>		

