

spirits in the processing account shall be taken for the return periods ending June 30 and December 31 of each year, and for other return periods as may be required by the regional director (compliance).

(2) Physical inventories may be taken within a period of a few days before or after June 30 or December 31 (or other dates approved by the regional director (compliance)), if:

(i) Such period does not include more than one complete weekend; and

(ii) Necessary adjustments are made to reflect pertinent transactions, so that the recorded inventories will agree with the actual quantities of bottled or packaged spirits on hand in processing at the prescribed times.

(3) On approval of an application filed with the regional director (compliance), required physical inventories may be taken on dates other than June 30 and December 31 if the dates established for taking such inventories:

(i) Coincide with the end of a return period, and

(ii) Are approximately six months apart.

(4) On approval of the application, the designated inventory dates shall take effect with the first inventory scheduled to be taken within six months of the previous June 30 or December 31 inventory.

(b) *Waiver of physical inventory.* (1) The regional director (compliance), on receipt of an application, may relieve a proprietor of the requirement of taking the June 30 or December 31 physical inventory, (or other date approved under paragraph (a) of this section) if he finds that only one such inventory during any 24 consecutive return periods is necessary.

(2) The regional director (compliance) may reimpose the requirement for the waived inventory if he finds that it is necessary for law enforcement or protection of the revenue.

(c) *Notification of physical inventory.* Whenever a physical inventory of bottled or packaged spirits is to be taken, the proprietor shall, at least 5 business days in advance, notify the area supervisor of the date and time he will take such inventory.

(d) *Supervision of physical inventories.* Physical inventories required under

the provisions of this section shall be taken under such supervision, or verified in such manner, as the regional director (compliance) may require.

(Sec. 201, Pub. L. 85-859, 72 Stat. 1356, as amended (26 U.S.C. 5201))

Subpart N—Denaturing Operations and Manufacture of Articles

§ 19.451 General.

Authorized proprietors who are qualified as processors may conduct denaturing operations or manufacture articles pursuant to the provisions of this part. Proprietors shall not conduct denaturing operations or manufacture articles except as provided in this part. Records of denaturing operations and the manufacture of articles shall be maintained in accordance with § 19.752 and § 19.753.

(Sec. 201, Pub. L. 85-859, 72 Stat. 1353, as amended (26 U.S.C. 5178); sec. 807(a), Pub. L. 96-39, 93 Stat. 286 (26 U.S.C. 5241))

DENATURATION

§ 19.452 Formulas.

Spirits shall be denatured in accordance with formulas as authorized in 27 CFR part 21 or their alternatives. Denaturing materials shall be thoroughly mixed with the spirits being denatured.

(Sec. 201, Pub. L. 85-859, 72 Stat. 1369, as amended (26 U.S.C. 5242); sec. 807, Pub. L. 96-39, 93 Stat. 286 (26 U.S.C. 5241))

§ 19.453 Testing of denaturants.

(a) *Testing.* Proprietors shall ensure that the materials they receive for use in denaturing conform to the specifications prescribed in 27 CFR part 21. The regional director (compliance) may require the testing of denaturants at any time.

(b) *Samples.* Samples of denaturants shall be taken in such manner as to represent a true composite of the total lot being sampled. When samples are tested by persons other than a proprietor, a copy of the analysis or a statement, signed by the chemist performing the test, shall be secured and filed by the proprietor for each test. Samples of denaturants may be taken

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by ATF officers at any time for testing by Government chemists.

(c) *Conformity.* When a denaturant does not conform to the specifications prescribed under 27 CFR part 21, the proprietor shall not use the material unless he treats or manipulates the denaturant to make it conform to such specifications. Such treated or manipulated denaturant shall again be tested.

(Sec. 201, Pub. L. 85-859, 72 Stat. 1369, as amended (26 U.S.C. 5242))

§ 19.454 Gauge for denaturation.

The proprietor shall gauge spirits before denaturation and after denaturation and record each gauge on the record of denaturation as prescribed in § 19.752(b). However, spirits dumped from previously gauged containers or spirits transferred directly to mixing tanks from gauge tanks where they were gauged, need not again be gauged. Measurements of spirits and denaturants shall be made by volume, weight, by approved meter, or, when approved by the Director, other devices or methods.

(Sec. 201, Pub. L. 85-859, 72 Stat. 1358, as amended (26 U.S.C. 5204); sec. 807, Pub. L. 96-39, 93 Stat. 286 (26 U.S.C. 5241))

§ 19.455 Dissolving of denaturants.

Denaturants which are difficult to dissolve in spirits at usual working temperatures, which are highly volatile, or which become solid at such usual temperatures may be liquefied or dissolved in a small quantity of spirits or water in advance of their use in the production of specially denatured spirits, pursuant to the prescribed formula, so long as the proof of the denatured spirits manufactured does not fall below the proof prescribed for the applicable formula in 27 CFR part 21. Any spirits used in dissolving denaturants and contained in the resulting solution shall be included as part of the total quantity of spirits denatured in each batch.

(Sec. 201, Pub. L. 85-859, 72 Stat. 1369, as amended (26 U.S.C. 5242))

§ 19.456 Adding denaturants.

Denaturants and spirits shall be mixed in packages, tanks, or bulk conveyances on bonded premises. The re-

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gional director (compliance) may, on written application, authorize other methods of mixing denaturants and spirits if he deems such denaturation will not hinder effective administration of this part or jeopardize the revenue. If requested by the regional director (compliance), the proprietor shall submit a flow diagram of the intended process or method of adding denaturants.

(Sec. 201, Pub. L. 85-859, 72 Stat. 1369, as amended (26 U.S.C. 5242))

§ 19.457 Neutralizing denatured spirits.

Proprietors may add trace quantities of compounds such as caustics or acids to certain formulas of denatured spirits to neutralize such spirits, if the intended effect of the denaturants is not reduced. Proprietors who neutralize denatured spirits must record, for each formula the kinds and quantities of compounds used, and the formula number of the denatured spirits neutralized.

(Sec. 201, Pub. L. 85-859, 72 Stat. 1369, as amended (26 U.S.C. 5242); sec. 807, Pub. L. 96-39, 93 Stat. 286 (26 U.S.C. 5241))

§ 19.458 Restoration and redenuaturation of recovered denatured spirits and recovered articles.

Recovered denatured spirits and recovered articles received on bonded premises, as provided in subpart U of this part, for restoration (including redistillation, if necessary) and/or redenuaturation may not be withdrawn from bonded premises except for industrial use or after denaturation thereof. If the recovered or restored denatured spirits or recovered articles are to be redenuatured and do not require the full amount of denaturants for redenuaturation, a notation to that effect will be made on the record of denaturation required by § 19.752(b).

(Sec. 201, Pub. L. 85-859, 72 Stat. 1369, as amended (26 U.S.C. 5242))

§ 19.459 Mixing of denatured spirits.

(a) Denatured spirits produced under the same formula may be mixed on bonded premises.