Using Alcohol To Make Foods, Flavors, Medicines, and Perfumes

Presented by
Janet Scalese, Nonbeverage Products Laboratory
Vickie Jobe-Peters, National Revenue Center
Overview

Two Parts:

• Part One
  – Nonbeverage Products Laboratory Topics

• Part Two
  – National Revenue Center Topics
Part One:
Nonbeverage Products Laboratory —
Formula Topics

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Chief, Nonbeverage Products Lab
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240-264-1589
Topics

• Provide background on NPL and areas of responsibility

• Provide information to reduce number of returned formulas

• Provide background on new regulations
Nonbeverage Products Lab

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NPL Responsibilities

• Process TTB F 5154.1 and analyze related samples
• Analyze samples and determine tax classification for products intended for importation
• Provide information on flavors to ALFD for flavors used in alcoholic beverages
• Provide assistance and advice to industry members and TTB colleagues
• Process TTB F 5150.19 and analyze related samples
Nonbeverage Drawback Formulas

- Submitted by manufacturers of nonbeverage products to obtain drawback of tax
- Submitted by companies selling flavors to alcoholic beverage manufacturers
- Submitted by companies intending to import nonbeverage products
- In 2008, received ~7,500 submissions
- Target turnaround time is 10 working days
Formula Requirements

• Food, flavor, medicine, or perfume
• Quantities of ingredients (or groups of ingredients) must be provided
• Ingredients must be approved for food use
• Components with TTB numbers must be approved
• Must be unfit for beverage purposes
• Calculations must be correct
• Name of product must be correct
Determination of “Fitness”

• Evaluate formula
• Analyze for ingredients
• Taste at 15% alcohol as last resort
Actions on Nonbeverage Formulas

• **Approved:**
  – Product is unfit for beverage purposes. Drawback can be claimed.

• **Disapproved:**
  – Product is fit for beverage purposes. No drawback. Cannot sell product.

• **No Action:**
  – No eligible alcohol. Submitted for information only.
Common Reasons for Returns

- Calculations of eligible alcohol (#9) or alcohol content of finished product (#10) not correct
- Information not disclosed on components:
  - TTB number
  - Alcohol content
  - Limited ingredients, colors
- Sample not submitted when needed
- Volume of alcoholic ingredients not provided
- Name of product not correct
Important Calculations

- Eligible alcohol = amount of alcohol used/final yield
  - 10 gallons alcohol/100 gallons of product = 10%
  - Be sure to incorporate proof of alcohol!
More Calculations

• Alcohol content of finished product = (amount of alcohol added directly + alcohol from components/theoretical yield)
  – (10 gal alcohol added directly + 5 gal alcohol from other ingredients)/100 gal = 15%
DEPARTMENT OF THE TREASURY
BUREAU OF ALCOHOL, TOBACCO AND FIREARMS
FORMULA AND PROCESS FOR NONBEVERAGE PRODUCT
(See instructions attached-Prepare in triplicate, except if manufactured abroad)

3. NAME OF PRODUCT.
N & A Peach with 0.1% art. topnote

4. CHECK IF SAMPLE WILL BE SUBMITTED
X

5. NUMBER OF DAYS TO COMPLETE PROCESS
1

6. NAME OF THE MANUFACTURER & ADDRESS WHERE PRODUCTS WILL BE PRODUCED (if multiple production sites, list other addresses on reverse).
We Love Flavors
6000 Ammendale Rd
Beltville, MD 20705

7. CHECK KIND OF PRODUCT:
☐ MEDICINE/MEDICINAL PREPARATION
☒ FLAVOR/FLAVORING EXTRACT
☐ FOOD PRODUCT
☐ PERFUME

8. FORMULAS SUPERSEDED.

9. ELIGIBLE ABSOLUTE ALCOHOL VOLUME USED. (See instructions)
24.0000% 24 +/- 1.5%

10. ALCOHOL CONTENT BY VOLUME OF FINISHED PRODUCT.

Process: Simple mixture

14. CONTACT PERSON (include Area Code & Phone No.):
Martha Washington
240-264-1111

15. SIGNATURE & TITLE OF APPLICATION OR AUTHORIZED AGENT.
Martha Washington

16. DATE:
10/21/2008

17. LABORATORY SAMPLE NUMBER

18. ACTION

19. ALCOHOL BY VOLUME

20. ANALYST

21. DATE:
NOV 03 2008

APPROVED SUBJECT TO COMPLIANCE WITH U.S. FOOD AND DRUG ADMINISTRATION REGULATIONS
APPROVED SUBJECT TO COMPLIANCE WITH U.S. FOOD AND DRUG ADMINISTRATION LABELING REGULATIONS

REMEMBER TO FOLLOW ALL REQUIREMENTS AND GUIDELINES PROVIDED.
Alcohol 190 proof 20.5 lbs (3.02 gal)
Essential oils (Buchu 0.3 lb, Davana 0.2 lb) 2.0 lbs
Ethyl acetate (0.05 lb) and other artificial esters 0.09 lb
Peach essence (nonalcoholic) 3.5 lbs
Peach juice (30 lbs) and other fruit juices 40.0 lbs
Propylene glycol 33.5 lbs
Vanillin 0.4 lb

Yield 100 lbs (11.96 gal)

Process: Simple mixture
What if ...

• I find that in production, the product does not comply with the formula?

• I need to make a change to a formula?
  – What if I don’t want my customer to know?
  – Can I keep the same TTB number?
You can keep the same TTB # if ...

• You are changing the yield due to processing changes.

• You are correcting an error or an omission in a nonlimited ingredient.

• You are changing your formulation from an approved formula to one with no eligible alcohol (No Action).
You need a new TTB # if ...

• You are adding or deleting a color.

• You are changing the quantity of a TTB or FDA limited ingredient.

• You are changing a component that would affect the labeling status of the product.

• You are changing a component that would affect the beverage character of the product.
Before you submit ...

• Be sure all submissions are complete.
• Check and recheck calculations.
• Use worksheets on tutorial.
• Identify and quantify all sources of ethanol.
• Identify and quantify limited ingredients and colors.
• Disclose what makes your product unfit.
Drawback Tutorial

We are providing you with this tutorial to show a more effective way to fill out TTB Form 5154.1. Guidelines for submissions of nonbeverage product formulas to the Nonbeverage Products Laboratory and sample calculations for items 9 & 10 are provided for the most common types of submissions. We have found that roughly 80 to 90% of the submissions fall under two categories:

1. Simple mixtures (with and without filtration)
2. Washed extracts of essential oils

Compounded flavors are the most frequently encountered by the Laboratory and will serve as examples for simple mixtures. Sample calculations for washed extracts are also included. Even if your product does not strictly adhere to these formats, please review the calculations because much of the information can be applied to other types of products.

The first twelve topics cover an array of issues that should help you better understand the requirements for approval of a nonbeverage product formula. The rest of the topics include example calculations for the scenarios discussed above.

Questions and comments regarding this tutorial can be sent to the laboratory staff at the following e-mail address drawback@ttb.gov. Please do not send status requests to this e-mail.

TTB F 5154.1
DEPARTMENT OF THE TREASURY
BUREAU OF ALCOHOL, TOBACCO AND FIREARMS
FORMULA AND PROCESS FOR NONBEVERAGE PRODUCT
(See instructions attached-Prepare in triplicate, except if manufactured abroad)

3. NAME OF PRODUCT: Cranberry Flavor

4. CHECK IF SAMPLE WILL BE SUBMITTED: [ ]

5. NUMBER OF DAYS TO COMPLETE PROCESS: 1

6. NAME OF THE MANUFACTURER & ADDRESS WHERE PRODUCTS WILL BE PRODUCED (if multiple production sites, list other addresses on reverse):

   We Love Flavors
   6000 Ammendale Rd
   Beltsville, MD 20705

7. CHECK KIND OF PRODUCT:
   [ ] MEDICINE/MEDICINAL PREPARATION
   [ ] FLAVOR/FLAVORING EXTRACT
   [ ] FOOD PRODUCT
   [ ] PERFUME

8. FORMULAS SUPERSEDED:

9. ELIGIBLE ABSOLUTE ALCOHOL VOLUME USED. (See instructions)
   36.1% 36.3%

10. ALCOHOL CONTENT BY VOLUME OF FINISHED PRODUCT: 36.3%

11. IF MADE WITH RECOVERED SPIRITS:
   ELIGIBLE PLUS RECOVERED ABSOLUTE ALCOHOL BY VOLUME USED. (See instructions)

12. IF FINISHED PRODUCT IS TO BE USED IN ALCOHOLIC BEVERAGES:
   A. DOES PRODUCT CONTAIN NATURAL FLAVORING? (YES OR NO)
   B. DOES PRODUCT CONTAIN GREATER THAN 1% ARTIFICIAL FLAVORING (Excluding Vanillin, Ethyl Vanillin, Maltol, Ethyl Maltol)? (YES or NO)
   C. STATE PARTS PER MILLION IN PRODUCT OF: Vanillin, Ethyl Vanillin, Synthetic Maltol, Ethyl Maltol
   D. DOES PRODUCT CONTAIN A COLOR ADDITIVE? IF YES, WHICH?
   E. ARE ALL INGREDIENTS APPROVED BY FDA FOR USE WITHOUT LIMITATION OR RESTRICTION? (YES OR ?)

13. FORMULA AND PROCESS (Use Additional Space on Reverse if Necessary)

   Ethanol 190 proof 27.9 lbs (4.1 gal)
   Cranberry (3.5% alcohol) 7.5 lbs
   Tannic acid 1.5 lbs
   Propylene glycol 43.6 lbs
   Natural esters 1.9 lbs
   Water q.s.

   Total 100 lbs (10.8 gal)

Mix all ingredients.
### Natural Cranberry Flavor WONF

**Formula and Process for Nonbeverage Product**

<table>
<thead>
<tr>
<th>1. FORMULA NUMBER</th>
<th>16</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. KIND (e.g., Alcohol, Rum)</td>
<td>PROOF OF SPIRITS ON WHICH DRAWBACK WILL BE CLAIMED.</td>
</tr>
<tr>
<td>3. NAME OF PRODUCT</td>
<td>Natural Cranberry Flavor WONF</td>
</tr>
<tr>
<td>4. CHECK IF SAMPLE WILL BE SUBMITTED</td>
<td></td>
</tr>
<tr>
<td>5. NUMBER OF DAYS TO COMPLETE PROCESS</td>
<td>1</td>
</tr>
<tr>
<td>6. NAME OF THE MANUFACTURER &amp; ADDRESS WHERE PRODUCTS WILL BE PRODUCED (if multiple production sites, list other addresses on reverse).</td>
<td>We Love Flavors, 6000 Ammendale Rd, Beltsville, MD 20705</td>
</tr>
<tr>
<td>7. CHECK KIND OF PRODUCT</td>
<td></td>
</tr>
<tr>
<td>8. FORMULAS SUPERSEDED</td>
<td></td>
</tr>
<tr>
<td>9. ELIGIBLE ABSOLUTE ALCOHOL VOLUME USED. (See Instructions)</td>
<td>36.1%</td>
</tr>
<tr>
<td>10. ALCOHOL CONTENT BY VOLUME OF FINISHED PRODUCT</td>
<td>36.3 +/- 1.5%</td>
</tr>
</tbody>
</table>

**Ethanol 190 proof**
- 27.9 lbs (4.1 gal)

**Cranberry Essence (3.5% alcohol)**
- 7.5 lbs (0.9 gal)

**Tannic acid**
- 1.5 lbs

**Propylene glycol**
- 43.6 lbs

**Natural esters (ethyl butyrate 1.2 lb)**
- 1.9 lbs

**Water**
- q.s.

**Total**
- 100 lbs (10.8 gal)

Mix all ingredients.
Electronic Filing

• TTB received funding for electronic formula filing.

• System will allow for electronic filing, correspondence, and status check.

• Will perform many calculations for you.

• Will be ready this fall.

• Come to “Advanced Topics” this afternoon for more information!
Certification Update

• New regulations allowing companies to certify that their products are nonbeverage are temporarily on-hold.

• SDA regulations will probably move forward first.

• Other projects taking precedence.
Questions?
Part Two:
National Revenue Center Topics

Presented by
Vickie Jobe-Peters
NRC
Overview

• Eligibility Claim Requirements
• Six Categories of MNBP (Manufacture of Nonbeverage Products)
• Timely Filing of Claims and Formulas
• Physical Inventory
• Required Records (batch records, invoices, etc)
• Intermediate Products
Overview (Continued)

- Recovered Alcohol
- Bond Requirements and Types of Bonds
- Claims and Supporting Data
- Rejections
- Penalties
- Increasing Adjustments
- Changes that Must Be Reported
Eligibility Claim Requirements
Eligibility Requirements 27 CFR Part 17

• These products must be UNFIT for beverage use in order to be eligible for drawback.
• Standard distilled spirits excise tax rate is $13.50 per proof gallon, but other effective tax rates could apply. Drawback rate would be $1.00 less than the tax rate — normally $12.50.
• (Proof Gallon = proof of alcohol times gallons, divided by 100)
• Claim (TTB F 5620.8) must be filed with NRC in order to obtain drawback.
Eligibility Claim Requirements

• Special Occupational Tax (SOT) was repealed effective 7/1/2008, but the registration requirement remains. TTB deems you registered each year when you file your first claim for the year.

• Any past due SOT liabilities for years prior to 7/1/2008 will be collected (except during the 3-year suspension period). (27 CFR 17.21)
Eligibility Requirements

• Must file a formula (TTB F 5154.1) with the TTBs National Laboratory Center for each product (unless H.P.U.S., U.S.P. or N.F.) (27 CFR 17.121).

• Must file a bond (TTB F 5154.3) if you intend to file claims on a monthly basis (27 CFR 17.101).

• Must furnish signing authority (TTB F 5100.1) or power of attorney (TTB F 5000.8) for the person who signs claims or has contact with TTB (27 CFR 17.6).
Note ...

• Drawback is computed to the first decimal place only, without rounding. Refer to excise tax determination under 27 CFR 19.762.

• **EXAMPLE:**
  – You used 50.05 pg to manufacture your product.
  – Calculate drawback as:
    • 50.0 pg x $12.50 (or other effective tax rate) = $625.00

• There is no interest paid on nonbeverage drawback.
Distilled Spirits Tax of $13.50 per Proof Gallon

• Congress recognized that this tax might prove burdensome for those industries which use distilled spirits in the manufacture of nonbeverage products. Consequently these industries are eligible to recoup a portion of taxes paid.

• If the tax on the distilled spirits used is other than the standard tax rate, the record of shipment or invoice from your supplier must show the effective tax rate. (27 CFR 17.163)

• **REMINDER:** Be certain your claim is based on the correct tax rate and correct proof gallons used. (27 CFR 17.141)
Six Categories of MNBP
Six Categories

- Medicines – cough syrup
- Medicinal Preparations – products used in compounding prescriptions
- Food Products – fruit cake, meats
- Flavors – Rum Brandy
- Flavoring Extracts – Vanilla
- Perfumes
Timely Filing of Claims and Formulas
Timely Filing of Claims

• Claims must be filed within 6 months after the quarter in which the distilled spirits covered by the claim were used in the manufacture of nonbeverage products. (27 CFR 17.145)


• A $1,000 penalty will be withheld from any claim not filed within the 6-month period. (26 U.S.C. 5134(c)(2))
Claim Periods

• Quarterly claim periods:

• Monthly – a monthly claimant is not restricted to filing a claim each month. May file a single claim for an entire quarter, or a single claim for 2 months, or two claims (one covering 1 month and the other covering 2 months). (27 CFR 17.143)
28 U.S.C. 2401

• IN NO CASE will a claim be paid more than 6 years after the quarter in which the products were manufactured, due to the statute of limitations under Title 28, United States Code, Section 2401.
Timely Filing of Formula

- Formulas must be filed with the TTB National Laboratory Center within 6 months after the end of the quarter in which the spirits were first used to manufacture the drawback product.

- Late filed formulas are subject to the penalty provisions under 26 U.S.C. 5134(c)(2).
Physical Inventory
Physical Inventory

• Claimants are required to take a physical inventory AT THE END of each quarter and make a record of the inventory.

• If no claim is filed for a quarter, then no physical inventory is required for that quarter.

**Note**: Manufacturer should still file supporting data on TTB F 5154.2 when there is no drawback to be claimed.
Physical Inventory
(Continued)

• The manufacturer shall explain in Part IV of the supporting data any discrepancy between the amounts on hand as disclosed by physical inventory and the amounts indicated by the manufacturer’s records.

• Any gain in eligible spirits disclosed by inventory requires an equivalent deduction from the claim where the inventory is reported. Gains shall NOT be offset by known losses.

27 CFR 17.167
Gains

- Manufacturer used 50.0 proof gallons of alcohol during the quarter. A physical inventory of eligible spirits for the same period disclosed a 2.0 proof gallon gain.

**CALCULATION:**
- Report the gain on line 8 of supporting data on TTB F 5154.2.
- 50.0 pg minus 2.0 gain = 48.0 pg eligible for drawback
- 48.0 pg times $12.50 (or other effective tax rate) = $600.00 in drawback

- If you fail to deduct the gain, TTB will reject $25.00 from your claim. (2 pg x $12.50)
Required Records
Records

• Required Records (Part 17, Subpart H):
  – Each person shall maintain records showing the information required in this subpart. No particular form is prescribed for these records, but the data required to be shown shall be clearly recorded and organized to enable TTB to trace each operation or transaction, monitor compliance with law and regulations, and verify the accuracy of each claim.

27 CFR 17.161
Records (Continued)

• Records shall be kept complete and current at all times.

• Records shall be retained at the manufacturer’s premises for a period of 3 years (27 CFR 17.170).
Receipt of Distilled Spirits

• Spirits received in tank cars, tank trucks, barrels, or drums shall show:
  – Date of receipt
  – Name and address of the person from who received
  – Serial number of each tank car, tank truck, barrel, or drum
  – The name of the producer or warehouseman who paid or determined the tax
  – Effective tax rate (if other than the rate prescribed by 26 U.S.C. 5001)
  – Kind, quantity, and proof of the spirits

27 CFR 17.162
Receipt of Distilled Spirits (Continued)

• At the time of receipt each manufacturer shall determine (preferably by weight) and record the exact number of proof gallons of distilled spirits received.

• The amount received in bottles may be determined by the required statements on the labels.

• The amount received in sealed drums with no evidence of leakage may be determined from the record of shipment, which is required by 27 CFR 19.780.
Receipt of Distilled Spirits (Continued)

• For distilled spirits received in tank cars, tank trucks, barrels, or drums, the record shall show:
  – The date of receipt
  – The name and address of the person from whom received
  – The serial number or other identification mark (if any) of each tank car, tank truck, barrel, or drum
  – Name of producer or warehouseman who paid or determined the tax
  – Effective tax rate (if other than $13.50)
  – The kind, quantity and proof (or alcohol percentage by volume) of the spirits

27 CFR 17.162
Evidence of Tax Payment

• For each shipment of tax paid spirits from the bonded premises of a DSP, the manufacturer shall obtain the record of shipment as evidence of tax payment.

• The record of shipment shall show the effective tax rate(s) of the spirits, if other than the standard rate prescribed by 26 U.S.C. 5001.

• Claim for drawback must be based on the correct tax rate applicable to the spirits used.
Production Record

• Each manufacturer shall keep a production record for each batch of intermediate product and for each batch of nonbeverage product.

• The production record shall be an original record made at the time of production by person(s) having actual knowledge thereof.

• Manufacturers can be cited and be subject to penalty provisions under 26 U.S.C. 5134(c)(2) if production records are found to be incomplete.

27 CFR 17.164
Disposition of Products

• For each shipment of nonbeverage products, the manufacturer shall record:
  – The formula number of the product.
  – The date of shipment.
  – The quantity shipped.
  – The identity of the consignee.

• Manufacturers can be cited for missing or incomplete records.
Intermediate Products
Intermediate Products

• The following three conditions apply to intermediate products:
  – They are made with tax paid distilled spirits.
  – They have been disapproved for drawback.
  – They are intended for the manufacturer’s own use in the manufacture of nonbeverage products.

• Spirits contained in an intermediate product are not subject to drawback until that intermediate product is used in the manufacture of a nonbeverage product (27 CFR 17.154).

27 CFR 17.126 and 17.185
Recovered Alcohol
Recovered Alcohol

• Any manufacturer who intends to recover distilled spirits must notify TTB of this fact.

• Any manufacturer with a distilling apparatus is subject to the still registration requirements in 26 U.S.C. 5179 and 27 CFR 29.55.

• Both the notice of intent to recover spirits and the still registration shall be filed with the NRC.

27 CFR 17.153 and 17.168
Recovered Alcohol (Continued)

• Distilled spirits recovered in the manufacture of a nonbeverage product are considered as having been used in the manufacture of that product.

• If the spirits were eligible when so used, they became subject to drawback at that time.

• Upon recovery, such spirits may be reused in the manufacture of nonbeverage products, but shall not be reused for any other purpose.
Recovered Alcohol (Continued)

• When reused, such recovered spirits are NOT again eligible for drawback and shall NOT be used in the manufacture of intermediate products.
Bond Requirements and Types of Bonds
Bond Requirements

- If you have an approved bond on file, you may file claims monthly, or in any combination allowed by 27 CFR 17.143.

- If you do not have an approved bond on file, you must file claims quarterly.
Types of Bonds

• Original Bond – First bond filed for a company.
• Superseding Bond – Replaces previous bond on file.
• Strengthening Bond – Increases current bond amount.

EXAMPLE:
– You have a bond on file for $20,000, and you file a strengthening bond for $20,000. You now have $40,000 in bond coverage.
Important Information for Bonds

• Bonds must be submitted to the NRC in duplicate with original signatures on each form.

• Must use official Bond Form on TTB F 5154.3. Altered forms are not acceptable.

• After approval, the duplicate copy is returned for the manufacturer’s files.
Bond Calculation

• How much bond do you need?
  – You will need an amount sufficient to cover the total drawback to be claimed on spirits used during any quarter.

  **EXAMPLE:**
  • January drawback claim is for $20,000, February claim is for $20,000 and March claim is for $20,000. You must have at least $60,000 in bond coverage.
  – Minimum bond coverage is $1,000, and Maximum is $200,000.
  – If at any time there is not sufficient bond coverage, your claim will be rejected in full until such coverage is obtained.
**Bond Form 5154.3**

<table>
<thead>
<tr>
<th>Principal (See instructions 2, 3 and 4.)</th>
<th>Address of Business Office (Number, Street, City, State, ZIP Code)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Name of company &amp; state</strong></td>
<td><strong>Corporate Address</strong></td>
</tr>
<tr>
<td><strong>Incorporated or Organized</strong></td>
<td><strong>Premises address</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Surety Company</th>
<th>Amount of Bond</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Surety(ies)</strong></td>
<td><strong>Amt of bond</strong></td>
<td><strong>Effective date</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Type of Bond</th>
<th>ORIGINAL</th>
<th>STRENGTHENING</th>
<th>SUPERSEIDING</th>
</tr>
</thead>
</table>

To find a surety company go to [www.fms.treas.gov](http://www.fms.treas.gov). Only certain surety companies can write bonds for government agencies.
Bond Form 5154.3 (Continued)

We, the above-named principal and surety (or sureties), are held and firmly bound unto the United States in the above amount, lawful money of the United States, for the payment of which we bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

This bond must not in any case be effective before the above date, but if accepted by the United States it must be effective according to its terms on and after that date without notice to the obligors. Provided, That if no effective date is inserted in the space provided therefore, the date of execution shown below must be the effective date of the bond.

WHEREAS, the principal has used, and/or intends to use from time to time pursuant to the provisions of 26 U.S.C. 5111, distilled spirits on which all internal revenue taxes have been paid or determined in the manufacture or production of medicines, medicinal preparations, food products, flavors, flavoring extracts, or perfume unfit for beverage purposes, in accordance with laws and regulations now or hereafter in force; and

WHEREAS, the principal has filed and/or intends to file monthly a claim for allowance of drawback on such distilled spirits pursuant to said laws and regulations, with the authorized official of the Alcohol and Tobacco Tax and Trade Bureau; and

WHEREAS, it is intended by this bond in the event of failure by the principal to satisfy the authorized official of the Alcohol and Tobacco Tax and Trade Bureau that the tax on the distilled spirits on which drawback was claimed was paid or determined and the distilled spirits were used in accordance with laws and regulations in the manufacture or production of medicines, medicinal preparations, food products, flavors, flavoring extracts, or perfume unfit for beverage purposes, and a claim for allowance of drawback on such distilled spirits has been paid, the obligors must refund to the United States an amount equal to the amount of the drawback so allowed and paid.

NOW, THEREFORE, the conditions of this bond are such that if the principal:

1. Complies with the provisions of 26 U.S.C. 5111 - 5114, and regulations issued pursuant thereto now or hereafter in force respecting the use of distilled spirits in the manufacture or production of medicines, medicinal preparations, food products, flavors, flavoring extracts, or perfume unfit for beverage purposes; and

2. Furnishes evidence satisfactory to the authorized official of the Alcohol and Tobacco Tax and Trade Bureau that (a) the tax on such distilled spirits was paid or determined, and (b) such spirits were used in accordance with laws and regulations in the manufacture or production of products as atomic unfit for beverage purposes;

Then this obligation is void, otherwise to remain in full force and effect.

And we, the obligors, for ourselves, our heirs, executors, administrators, successors, and assigns, do further covenant and agree that upon the breach of any of the covenants of this bond, the United States may pursue its remedies against the principal or surety independently, or against both jointly, and the said surety hereby waives any right to privilege it may have of regarding, upon notice, or otherwise, that the United States must first commence action, intervene in any action of any nature whatsoever already commenced, or otherwise exhaust its remedies against the principal.

WITNESS our hands and seals this ____________ day of ____________, in the year ____________

Signed, sealed, and delivered in the presence of:

______________________________
______________________________
______________________________
______________________________
______________________________
______________________________

Date signed by surety & principal

2 witnesses if no corporate seal

Signed by principal & surety
Name and title and SEAL

Person signing for claimant must have signing authority on file with NRC
Bond Termination

• A bond may be terminated for any one of the following reasons:
  – NRC receives notice from the surety to cancel the bond (27 CFR 17.112).
  – Manufacturer files a Superseding Bond (27 CFR 17.108).
  – Manufacturer notifies the NRC of their intent to discontinue filing claims on a monthly basis or to permanently discontinue operations.
Claim and Supporting Data
**Claim Form 5620.8**

**17.142**

**Check MNBP/Allowance for DSP ONLY**

<table>
<thead>
<tr>
<th>2.</th>
<th>REMISSION OF TAX</th>
<th>ALLOWANCE OF CREDIT FOR TAX</th>
<th>ABATEMENT OF TAX</th>
<th>REFUND OF TAX</th>
<th>OTHER (Specify)</th>
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</thead>
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<tr>
<td></td>
<td>ALLOWANCE OF LOSS</td>
<td>ALLOWANCE OF TAX</td>
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<tr>
<td></td>
<td>DRAWBACK-MNBP</td>
<td>DRAWBACK-EXPORT</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>3.</th>
<th>NAME AND ADDRESS OF CLAIMANT (Telephone number and e-mail address optional)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>4.</th>
<th>EMPLOYER IDENTIFICATION NUMBER</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>5.</th>
<th>PLANT, LICENSE, OR PERMIT NUMBER</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>6.</th>
<th>KIND OF TAX</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>7.</th>
<th>PERIOD, IF SPECIAL TAX OR MNBP ONLY (mm/dd/yy) FROM TO</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>8.</th>
<th>AMOUNT OF TAX</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>9.</th>
<th>DATE(S) OF PAYMENT (for refunds ONLY)</th>
</tr>
</thead>
</table>

**EIN**

**MNBP**

**Distilled Spirits Excise**

**Qtr or Month**

**Amt of Drawback (pg x $12.50)**
Complete only if ACH/EFT

Statements per 17.146
-Special Tax has been paid (prior 7/1/2008 and before the 3-year suspension period)
-That the distilled spirits on which drawback is claimed were fully tax paid or tax determined at the effective tax rate applicable.
-That the spirits on which the drawback is claimed were used in the manufacture of nonbeverage products,
-That the nonbeverage products were manufactured in compliance...
-That the data submitted in support of the claim are correct
Supporting Data
TTB F 5154.2

• All claims for drawback must be accompanied by supporting data Form 5154.2. A claimant may use his own form ONLY if it has all the required information that is pertinent to the manufacturing operation (27 CFR 17.147).

• To calculate Proof Gallons:
  – Wine Gallon (WG is a standard U.S. Gallon) multiplied by proof of alcohol, divided by 100 = proof gallons (PG)

**EXAMPLE:** 100 wg x 190 (190 proof), divided by 100 = 190 pg
4 Parts of Supporting Data

• Part I – Name and address of claimant and period covered (end of quarter or month).
• Part II – Is a balancing report of spirits received and used. Must also indicate whether or not a physical inventory was taken.
• Part III – Identifies the products manufactured.
• Part IV – Space for additional and explanatory information – large gains or losses may be explained here.
• Immediately below Part IV, claimant MUST sign and date the supporting data form.
# Supporting Data 5154.2 Part I

## PART I - IDENTIFICATION DATA

1. **NAME AND ADDRESS OF CLAIMANT**

   **Name and Address**

2. **PERIOD COVERED (Check one)**
   - [ ] QUARTER
   - [ ] MONTH

   **ENDING:** ________________

---

**Check if Qtr or Month**
- End of Qtr or End of Month
# Supporting Data Part II

## Check Inventory

- **Yes/No**

## Alcohol/Rum or other spirits

- **Usually $13.50** – Use correct tax rate

## Inventory Matching

- **Will match on hand at end of previous period**
- **Will match in process at end of previous period**

### Part II - Distilled Spirits Account (in proof gallons, except lines 1-2)

<table>
<thead>
<tr>
<th>Was a physical inventory taken per 27 CFR 17.187(a)? (Check one)</th>
<th>New Spirits (eligible, not previously used in intermediate or nonbeverage products)</th>
<th>SPIRITS RECOVERED</th>
<th>Eligible Spirits Content of Intermediate Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ Yes</td>
<td>☐ No</td>
<td>☐ Yes</td>
<td>☐ No</td>
</tr>
</tbody>
</table>

### Line 1

1. **KIND** (optional, except for Puerto Rican or U.S. Virgin Islands spirits, and imported rum)

### Line 2

2. **EFFECTIVE TAX RATE PER PROOF GALLON**

### Line 3

3. **ON HAND, START OF PERIOD**

### Line 4

4. **IN PROCESS, START OF PERIOD**

### Line 5

5. **RECEIVED**

### Line 6

6. **RECOVERED**

### Line 7

7. **PRODUCED**

### Line 8

8. **GAINS**

### Line 9

9. **TOTAL TO ACCOUNT FOR (add lines 3-8)**

- **Gains** – must be deducted from amount claimed
- **Total 1 – 8 CANNOT subtract** – MUST match Line 16

### Notes

- **Amount spirits received**
- **Amount recovered**
<table>
<thead>
<tr>
<th>DURING PERIOD:</th>
<th>10. USED IN NONBEVERAGE PRODUCTS</th>
<th>11. USED IN INTERMEDIATE PRODUCTS</th>
<th>12. OTHERWISE USED (not subject to drawback)</th>
<th>13. LOSSES</th>
<th>14. ON HAND, END OF PERIOD</th>
<th>15. IN PROCESS, END OF PERIOD</th>
<th>16. TOTAL ACCOUNTED FOR (add lines 10-15)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Will match Column F on Part III (amt being claimed)</td>
<td>Spirits used in making intermediate products</td>
<td>Used in Lab, Testing, etc – NO DRAWBACK allowed</td>
<td>Losses – spills, etc.</td>
<td>On hand at end of quarter/month</td>
<td>In process end of Qtr – Product in process – not completed</td>
<td>Lines 10-15 added CANNOT subtract – MUST match Line 9 above</td>
</tr>
</tbody>
</table>

TTB F 5154.2 (07/2007)
**Supporting Data Part III**

<table>
<thead>
<tr>
<th>PART III - PRODUCTION OF NONBEVERAGE PRODUCTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>INFORMATION FROM TTB FORM 5154.1</td>
</tr>
<tr>
<td>NAME OF PRODUCT (a)</td>
</tr>
<tr>
<td>---------------------------------------------</td>
</tr>
<tr>
<td>1. Formula Name</td>
</tr>
<tr>
<td>2.</td>
</tr>
<tr>
<td>3.</td>
</tr>
<tr>
<td>4.</td>
</tr>
</tbody>
</table>

Total of Column (f) is what goes on Line 10 of Part II.
Supporting Data Part IV

Explain large gains or losses

I certify, under the penalties of perjury, that the data submitted on this form are correct, to the best of my knowledge.

Signed by person with authority and title

Date

Penalty of Perjury Statement
Supporting Data

• Supporting Data Form 5154.2 shall be completed using information from the records required by subpart H of Part 17.

• If Form 5154.2 contains incorrect information or is not accurately supported by the necessary records, manufacturers can be cited and be subject to the penalty provisions under 26 U.S.C. 5134(c)(2).
Rejections
Rejections on Claims

• A portion of a claim may be rejected for the following reasons:
  – Failure to have an approved formula on file.
  – Claiming beyond the first decimal place.
  – Failure to deduct an inventory gain.

• Inventory Gain (27 CFR 17.167): You ordered 55 gallons and received 56 gallons, resulting in a 1 gallon gain. The claim will be reduced by the one gallon gain since tax was not paid on that extra gallon.
Penalties
Penalties

• The following are common examples of when a penalty is imposed:
  – Claim not timely filed.
  – Formula not timely filed.
  – Product not manufactured in accordance with the approved formula.
  – No physical inventory taken for the quarter.
  – Recordkeeping.

27 CFR 17.148(b) and 26 U.S.C. 5134
Penalty Amounts

- The penalty amount will be the amount of the claim or $1,000.00, whichever is less.
Penalty Letters

• The claimant will receive a letter from the NRC outlining their rights and the time period in which they have to submit reasonable cause as to why the penalty should not be imposed.

• If reasonable cause is not established, the NRC will assess the penalty on the date specified in your letter.
Reasonable Cause

• Reasonable cause exists where a claimant establishes it exercised ordinary business care and prudence, and still was unable to comply with the statutory and regulatory requirements. Ignorance of the law or regulations, in and of itself, is not reasonable cause.

• Cases are individually evaluated by NRC management.

27 CFR 17.148(c)
Increasing Adjustments
Increasing Adjustments

• A claim may be increased for the following reasons:
  – Drawback is computed using the incorrect tax rate.
  – Amended supporting data are received.
  – Approved formulas received that were previously rejected.
Reopening of Claims

• The NRC will not reopen claims for adjustments; any adjustments will be made on a subsequent claim.

• EXCEPTION:
  – If the refund check is returned to Treasury.
  – If this was the last claim filed due to permanent discontinuance of operations.
Corrections Requested by NRC

• If information on your claim needs correcting, you will be contacted by an NRC Specialist.

• You will be given 15 days to provide the corrected information; otherwise your claim will be rejected in full.

• The NRC can make some corrections per telephone call with you.
Changes that Must Be Reported to the NRC
Changes to Report

- Change in Location – Make notation on claim or submit a letterhead notice of the change. If monthly claimant, must file a superseding bond.
- Change in Postal Address – same information as noted above.
- Change in Name – Must submit amended Articles of Incorporation or amended Articles of Organization with a letter stating the effective date of the change. If monthly claimant, must file a superseding bond.
Changes to Report (Continued)

• Change in Stock Control – Send letterhead notice to the NRC explaining the change.

• Change in Proprietorship – Must start over like a first time claimant. File new signing authority/ power of attorney, original bond (if filing monthly), submit merger or purchase agreement, letterhead request to adopt predecessor’s formulas per 27 CFR 17.125. Also, submit a letter stating the effective date of the change.
• Permanent Discontinuance – 27 CFR 17.187. The claimant must notify the NRC when business is to be discontinued.

  – Upon discontinuance of business, a manufacturer’s entire stock of tax paid distilled spirits on hand may be sold in a single sale without the necessity of qualifying as a wholesaler; or

  – The spirits may be returned to the person from whom purchased or they may be destroyed or given away.
Summary

• Eligibility Requirements
• Six Categories
• Timely Filing
• Physical Inventory
• Required Records
• Intermediate Products
• Recovered Alcohol
Summary (Continued)

• Bond Requirements and Types
• Claims and Supporting Data
• Rejections
• Penalties
• Increasing Adjustments
• Changes that Must Be Reported
Practical Exercise

• Formula
• Batch Records
• Actual Claim Form
• Supporting Data
• Completed Claim by NRC
**Submitted To National Laboratory Center for Approval**

**Formula**

Alcohol 100 proof

- Essential oils (Buchu 0.3 lb, Davana 0.2 lb)
- Ethyl acetate (0.06 lb) and other artificial esters
- Peach essence (nonalcoholic)
- Peach juice (30 lbs) and other fruit juices
- Propylene glycol
- Vanillin

Yield: 100 lbs (11.96 gal)

Process: Simple mixture
# Batch Record

**TTB #137**

**WE LOVE FLAVORS MANUFACTURING RECORD**

<table>
<thead>
<tr>
<th>Ingredients</th>
<th>Product #</th>
<th>Quantity in lbs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alcohol 190 proof</td>
<td>1</td>
<td>112.75 16.59 gal</td>
</tr>
<tr>
<td>Propylene glycol</td>
<td>5</td>
<td>184.3</td>
</tr>
<tr>
<td>Peach essence</td>
<td>173</td>
<td>19.25</td>
</tr>
<tr>
<td>Peach juice</td>
<td>237</td>
<td>165</td>
</tr>
<tr>
<td>Apricot juice</td>
<td>598</td>
<td>30.25</td>
</tr>
<tr>
<td>Apple juice concentrate</td>
<td>76</td>
<td>24.7</td>
</tr>
<tr>
<td>Buchu oil</td>
<td>214</td>
<td>1.65</td>
</tr>
<tr>
<td>Davana oil</td>
<td>63</td>
<td>1.1</td>
</tr>
<tr>
<td>Cognac oil</td>
<td>29</td>
<td>1.05</td>
</tr>
<tr>
<td>Lemon oil</td>
<td>15</td>
<td>0.825</td>
</tr>
<tr>
<td>Ethyl acetate</td>
<td>7</td>
<td>0.28</td>
</tr>
<tr>
<td>γ-Decalactone</td>
<td>17</td>
<td>0.22</td>
</tr>
<tr>
<td>Vanillin</td>
<td>2</td>
<td>2.2</td>
</tr>
</tbody>
</table>

| Theoretical yield          | 550       |
| Theoretical density        | 8.36 lb/gal |

| Actual yield               | 541.5     |
| Actual density             | 8.29 lb/gal |
| Actual volume (calculated) | 65.32 gal  |
DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (TTB)
CLAIM - ALCOHOL, TOBACCO, AND FIREARMS TAXES
(File in duplicate with the Alcohol and Tobacco Tax and Trade Bureau)
CLAIM NUMBER

1. THIS CLAIM IS FILED UNDER THE PROVISIONS OF 27 CFR (certain applicable section of regulations, such as 50, 40, 205, or 40.175. See www.ttb.gov.)

17.142

2. REMISSION OF TAX
   ALLOWANCE OF CREDIT FOR TAX
   ABATEMENT OF TAX
   REFUND OF TAX
   DRAWBACK
   EXEMPTION
   OTHER (Specify)

3. NAME AND ADDRESS OF CLAIMANT (Telephone number and e-mail address optional)

   We Love Flavor's
   6000 Ammerdale Road
   Beltsville, MD 20705

4. EMPLOYER IDENTIFICATION NUMBER

   12-33456789

5. PLANT, LICENSE, OR PERMIT NUMBER

   MNB

6. KIND OF TAX

   Distilled Spirits Excise

7. PERIOD OF SPECIAL TAX ON MNB IN ONLY (Please check):

   FROM 4/1/09 TO 6/30/09

8. AMOUNT OF TAX

   $393.75

9. DATE(S) OF PAYMENT (for refunds only)

10. DIRECT DEPOSIT, Optional

11. BASIS OF CLAIM (Give the detailed information required by the applicable regulations under which the claim is filed and any other facts which will tell the reviewing official of the exact basis for the claim. Please identify any documents or statements submitted in support of this claim.)

A. Special Tax was paid (Claims prior to 7/1/2008 and before the 3-year suspension period)
B. The Distilled spirits on which drawback is claimed were fully tax paid.
C. The distilled spirits on which drawback is claimed were used in the manufacture of nonbeverage products.
D. The nonbeverage products were manufactured in compliance with quantitative formulas approved under Subpart F of this Part.
E. The date submitted in support of this claim are correct.

TTB F 5620.8 (01/2009)

Page 1 of 2

(Add additional sheets if more space is required)

PAPERWORK REDUCTION ACT NOTICE

This request is in accordance with the Paperwork Reduction Act of 1995. The information collected is used, along with other supporting documents, to obtain credit, rate value, and availability of tax on taxable articles (liquor), beer, tobacco products, and firearms and ammunition that have been lost, and to obtain refund of overpaid taxes and statement of overassessed taxes. This information is required to obtain a benefit by 26 U.S.C. 6095, 5775, and 6414.

The estimated average burden associated with this collection of information is 1 hour per respondent or recollector, depending on individual circumstances. Comments concerning the accuracy of the burden estimate and suggestions for reducing the burden should be addressed to the Records Management Officer, Regulations and Ruling Division, Alcohol and Tobacco Tax and Trade Bureau, Washington, DC 20203.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information, unless it displays a currently valid OMB control number.

Under the penalties of perjury, I declare that I have submitted this claim, including supporting documents and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

President

TD DATE

TTB F 5620.8 (01/2009)
### PART I - IDENTIFICATION DATA

1. **NAME AND ADDRESS OF CLAIMANT**

2. **PERIOD COVERED** (Check one)
   - [ ] QUARTER
   - [ ] MONTH
   - [ ] ENDING:

### PART II - DISTILLED SPIRITS ACCOUNT (IN PROOF GALLONS, EXCEPT LINES 1-2)

<table>
<thead>
<tr>
<th>Was a physical inventory taken per 27 CFR 17.167(a)?</th>
<th>New Spirits (eligible, not previously used in intermediate or nonbeverage products)</th>
<th>New Spirits in the Manufacture of Intermediate Products (eligible spirits)</th>
<th>New Spirits in the Manufacture of Nonbeverage Products (ineligible spirits)</th>
<th>Eligible Spirits Content of Intermediate Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>[ ] Yes</td>
<td>(a)</td>
<td>(b)</td>
<td>(c)</td>
<td>(d)</td>
</tr>
<tr>
<td>[ ] No</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. **KIND (optional, except for Puerto Rican or U.S. Virgin Islands spirits, and imported rum)**

2. **EFFECTIVE TAX RATE PER PROOF GALLON**

3. **ON HAND, START OF PERIOD**

4. **IN PROCESS, START OF PERIOD**

5. **RECEIVED**

6. **RECOVERY**

7. **PRODUCED**

8. **CAIN**

9. **TOTAL TO ACCOUNT FOR (add lines 3-8)**

10. **USED IN NONBEVERAGE PRODUCTS**

11. **USED IN INTERMEDIATE PRODUCTS**

12. **OTHERWISE USED (not subject to drawback)**

13. **LOST**

14. **ON HAND, END OF PERIOD**

15. **IN PROCESS, END OF PERIOD**

16. **TOTAL ACCOUNTED FOR (add lines 10-15)**

---

**TTB F 5154.2 (07/2007)**
# TTB F 5154.2, Supporting Data

## Part 1 - Identification Data

1. **NAME AND ADDRESS OF CLAIMANT**
   - We Love Flavors
   - 6000 Ammandale Rd.
   - Beltsville, MD 20705

2. **PERIOD COVERED**
   - Check one
   - Quarter
   - Month
   - Ending: 6/30/09

## Part 2 - Distilled Spirits Account (in proof gallons, except lines 1-2)

<table>
<thead>
<tr>
<th>Field</th>
<th>Description</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>KIND (optional, except for Puerto Rican or U.S. Virgin Islands spirits, and imported rum)</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>EFFECTIVE TAX RATE PER PROOF GALLON</td>
<td>$13.50</td>
</tr>
<tr>
<td>3.</td>
<td>ON HAND, START OF PERIOD</td>
<td>110</td>
</tr>
<tr>
<td>4.</td>
<td>IN PROCESS, START OF PERIOD</td>
<td>50</td>
</tr>
<tr>
<td>5.</td>
<td>RECEIVED</td>
<td>300</td>
</tr>
<tr>
<td>6.</td>
<td>RECOVERED</td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>PRODUCED</td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>GAINS</td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>TOTAL TO ACCOUNT FOR (add lines 3-8)</td>
<td>460</td>
</tr>
<tr>
<td>10.</td>
<td>USED IN NONBEVERAGE PRODUCTS</td>
<td>31.52</td>
</tr>
<tr>
<td>11.</td>
<td>USED IN INTERMEDIATE PRODUCTS</td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td>OTHERWISE USED (not subject to drawback)</td>
<td>25</td>
</tr>
<tr>
<td>13.</td>
<td>REMOVED</td>
<td>10</td>
</tr>
<tr>
<td>14.</td>
<td>ON HAND, END OF PERIOD</td>
<td>193.48</td>
</tr>
<tr>
<td>15.</td>
<td>IN PROCESS, END OF PERIOD</td>
<td>200</td>
</tr>
<tr>
<td>16.</td>
<td>TOTAL ACCOUNTED FOR (add lines 10-15)</td>
<td>460</td>
</tr>
</tbody>
</table>

TTB F 5154.2 (07/2007)
### PART III: PRODUCTION OF NONBEVERAGE PRODUCTS

<table>
<thead>
<tr>
<th>NAME OF PRODUCT</th>
<th>FORMULA NO. (or &quot;N/A&quot;, &quot;USP&quot;, or &quot;HPUS&quot;)</th>
<th>INELIGIBLE SPIRITS USED (proof gals.)</th>
<th>ELIGIBLE SPIRITS USED</th>
<th>FINISHED PRODUCT PRODUCED</th>
<th>DRAWBACK RATE (≤ 80 proof, or 1.00 less than effective tax rate)</th>
<th>AMOUNT USED (proof gals.)</th>
<th>AMOUNT PRODUCED (wine gals., except dry products)</th>
<th>ALCOHOL CONTENT BY VOLUME</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>(b)</td>
<td>(c)</td>
<td>(d)</td>
<td>(e)</td>
<td>(f)</td>
<td>(g)</td>
<td>(h)</td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td></td>
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<td>12.</td>
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<td></td>
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<tr>
<td>13.</td>
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<td></td>
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<td>14.</td>
<td></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### PART IV: ADDITIONAL AND EXPLANATORY INFORMATION

I certify, under the penalties of perjury, that the data submitted on this form are correct, to the best of my knowledge.

**SIGNATURE AND TITLE**

**DATE**

TTB F 5154.2 (07/2007)
### PART III - PRODUCTION OF NONBEVERAGE PRODUCTS

<table>
<thead>
<tr>
<th>NAME OF PRODUCT</th>
<th>FORMULA NO. (or &quot;NAT,&quot; &quot;USP,&quot; or &quot;BPUS&quot;)</th>
<th>INELIGIBLE SPIRITS USED (proof galls.)</th>
<th>ELIGIBLE SPIRITS USED</th>
<th>FINISHED PRODUCT PRODUCED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(a)</td>
<td>(b)</td>
<td>(c)</td>
<td>(d)</td>
</tr>
<tr>
<td>1. N&amp;A Peach</td>
<td>137</td>
<td>$12.50</td>
<td>31.52</td>
<td>65.32</td>
</tr>
<tr>
<td>2.</td>
<td></td>
<td>$</td>
<td>%</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td></td>
<td>$</td>
<td>%</td>
<td></td>
</tr>
<tr>
<td>4.</td>
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### PART IV - ADDITIONAL AND EXPLANATORY INFORMATION

I certify, under the penalties of perjury, that the data submitted on this form are correct, to the best of my knowledge.

**SIGNATURE AND TITLE**

**DATE**

07/1/09
 Claim when Processed by NRC

<table>
<thead>
<tr>
<th>Quantity or Period (proof gallons, number)</th>
<th>Amount ($)</th>
<th>Quantity or Period (proof gallons, number)</th>
<th>Amount ($)</th>
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<tbody>
<tr>
<td>04/01/2009-06/30/2009</td>
<td>$393.75</td>
<td>04/01/2009-06/30/2009</td>
<td>$393.75</td>
</tr>
</tbody>
</table>

18. IF THIS IS A CLAIM FOR ALLOWANCE OF CREDIT, YOU MAY TAKE THE CREDIT ON TTB F 5000.24, EXCISE TAX RETURN ON TTB F 5000.25, EXCISE TAX RETURN ALCOHOL AND TOBACCO (PUERTO RICO). CREDIT FOR INTEREST IS NOT ALLOWABLE ON THIS CLAIM EXCEPT AS INDICATED IN ITEM 19 BELOW.

19. EXPLANATION OF ADJUSTMENT

NOTE: If your claim was for abatement, your account will be adjusted accordingly. Please promptly submit your payment for any amount disallowed in Item 16C(1). If any accrued interest is TTB with a copy of the accompanying tax return.

If your claim was for refund, your check will be forwarded under separate cover.

20. SIGNATURE AND TITLE OF APPROPRIATE TTB OFFICIAL

Director, National Revenue Center  Cincinnati, Ohio

21. TTB OFFICE

22. DATE

PAPERWORK REDUCTION ACT NOTICE

This request is in accordance with the Paperwork Reduction Act of 1995. The information collection is used, along with other supporting documents, to obtain credit, revision and allowance of tax on taxable articles (alcohol, beer, tobacco products and firearms and ammunition) that have been lost and to obtain refund of overpaid taxes and abatement of overassessed taxes. This information is required to obtain a benefit by 26 U.S.C. ss 5702, 6012, and 6511.

The estimated average burden associated with this collection of information is 1 hour per respondent or recordkeeper, depending on individual circumstances. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be addressed to Reports Management Officer, Regulations and Procedures Division, Alcohol and Tobacco Tax and Trade Bureau, Washington, D.C. 20220.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

TTB F 5039.3 (4/2004)
Contact Information

• National Revenue Center
  – Phone: (513)684-3335
  – Mail: National Revenue Center
    8002 Federal Office Building
    550 Main Street
    Cincinnati, OH 45202