

## PRIOR PROVISIONS

A prior section 5172, act Aug. 16, 1954, ch. 736, 68A Stat. 627, related to “conditions precedent to carrying on business of distilling”, prior to the general revision of this chapter by Pub. L. 85-859 and is covered in part by this section. See also sections 5171(a), 5173(a), 5178(a)(1)(A), and 5601(a)(2), (4) of this title.

Provisions similar to those comprising this section were contained in prior sections 5175(a), 5178, 5231, 5243(a), 5271, 5301 to 5303, 5305, and 5331(a)(1), act Aug. 16, 1954, ch. 736, 68A Stat. 628, 631, 643, 645, 650, 654, 655, 657, 661, prior to the general revision of this chapter by Pub. L. 85-859.

## AMENDMENTS

1979—Pub. L. 96-39 substituted “section 5171(c)” for “section 5171(a)”.

1976—Pub. L. 94-455 struck out “or his delegate” after “Secretary” wherever appearing.

## EFFECTIVE DATE OF 1979 AMENDMENT

Amendment by Pub. L. 96-39 effective Jan. 1, 1980, see section 810 of Pub. L. 96-39, set out as a note under section 5001 of this title.

## § 5173. Bonds

**(a) Operations at, and withdrawals from, distilled spirits plant must be covered by bond****(1) Operations**

No person intending to establish a distilled spirits plant may commence operations at such plant unless such person has furnished bond covering operations at such plant.

**(2) Withdrawals**

No distilled spirits (other than distilled spirits withdrawn under section 5214 or 7510) may be withdrawn from bonded premises except on payment of tax unless the proprietor of the bonded premises has furnished bond covering such withdrawal.

**(b) Operations bonds**

The bond required by paragraph (1) of subsection (a) shall meet the requirements of paragraph (1), (2), or (3) of this subsection:

**(1) One plant bond**

The bond covers operations at a single distilled spirits plant.

**(2) Adjacent wine cellar bond**

The bond covers operations at a distilled spirits plant and at an adjacent bonded wine cellar.

**(3) Area bond**

The bond covers operations at 2 or more distilled spirits plants (and adjacent bonded wine cellars) which—

(A) are located in the same geographical area (as designated in regulations prescribed by the Secretary), and

(B) are operated by the same person (or, in the case of a corporation, by such corporation and its controlled subsidiaries).

**(c) Withdrawal bonds**

The bond required by paragraph (2) of subsection (a) shall cover withdrawals from 1 or more bonded premises the operations at which could be covered by the same operations bond under subsection (b).

**(d) Unit bonds**

Under regulations prescribed by the Secretary, the requirements of paragraphs (1) and (2) of

subsection (a) shall be treated as met by a unit bond which covers both operations at, and withdrawals from, 1 or more bonded premises which could be covered by the same operations bond under subsection (b).

**(e) Terms and conditions****(1) In general**

Any bond furnished under this section shall be conditioned that the person furnishing the bond—

(A) will faithfully comply with all provisions of law and regulations relating to the activities covered by such bond, and

(B) will pay—

(i) all taxes imposed by this chapter, and

(ii) all penalties incurred by, or fines imposed on, such person for violation of any such provision.

**(2) Other terms and conditions**

Any bond furnished under this section shall contain such other terms and conditions as may be required by regulations prescribed by the Secretary.

**(f) Amount****(1) In general**

The penal sum of any bond shall be the amount determined under regulations prescribed by the Secretary.

**(2) Maximum and minimum amount**

The Secretary shall by regulations prescribe a minimum amount and a maximum amount for each type of bond which may be furnished under this section.

**(g) Total amount available**

The total amount of any bond furnished under this section shall be available for the satisfaction of any liability incurred under the terms and conditions of such bond.

**(h) Special rules**

For purposes of this section—

**(1) Withdrawal bonds**

In the case of any bond furnished under this section which covers withdrawals but not operations—

(A) such bond shall be in addition to the operations bond, and

(B) if distilled spirits are withdrawn under such bond, the operations bond shall no longer cover liability for payment of the tax on the spirits withdrawn.

**(2) Adjacent wine cellars****(A) Requirements**

No wine cellar shall be treated as being adjacent to a distilled spirits plant unless—

(i) such distilled spirits plant is qualified under this subchapter for the production of distilled spirits, and

(ii) such wine cellar and the distilled spirits plant are operated by the same person (or, in the case of a corporation, by such corporation and its controlled subsidiaries).

**(B) Bond in lieu of wine cellar bond**

In the case of any adjacent wine cellar, a bond furnished under this section which cov-

ers operations at such wine cellar shall be in lieu of any bond which would otherwise be required under section 5354 with respect to such wine cellar (other than supplemental bonds required under the second sentence of section 5354).

(Added Pub. L. 85-859, title II, §201, Sept. 2, 1958, 72 Stat. 1349; amended Pub. L. 91-659, §4, Jan. 8, 1971, 84 Stat. 1966; Pub. L. 94-455, title XIX, §1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834; Pub. L. 96-39, title VIII, §805(c), July 26, 1979, 93 Stat. 276.)

PRIOR PROVISIONS

A prior section 5173, act Aug. 16, 1954, ch. 736, 68A Stat. 628, related to "distillery fixtures and equipment", prior to the general revision of this chapter by Pub. L. 85-859. See sections 5178(a)(1)(A), (2)(B)(C), (c)(1) and 5202(b) of this title.

Provisions similar to those comprising subsecs. (a), (b), (b)(1), (b)(1)(A) to (C), (b)(3), (c), (c)(1), (d) and (e)(1) of this section were contained in prior sections of act Aug. 16, 1954, prior to the general revision of this chapter by Pub. L. 85-859, as follows:

| <i>Present subsecs.:</i> | <i>Prior sections</i>   |
|--------------------------|---|
| (a) .....                | 5172, 5176(a), 5231, 5232(a), 5272(a), 5301-5303, 5304(a)(5), 5305, 5311(a)(3). |
| (b) .....                | 5176 (a), (d).  |
| (b)(1) .....             | 5176(a), 5177(c).   |
| (b)(1)(A)-(C) .....      | 5177(b)(1)-(3).   |
| (b)(3) .....             | 5177(b)(4).   |
| (c) .....                | 5232(a), 5302, 5303, 5306, 5331(a)(3).  |
| (c)(1) .....             | 5232(a).  |
| (d) .....                | 5272(a).  |
| (e)(1) .....             | 5304(a)(5).   |

The prior sections, act Aug. 16, 1954, ch. 736, are set out in 68A Stat. 627, 629 to 631, 643, 650, 654, 655, 657, 662.

AMENDMENTS

1979—Pub. L. 96-39, among other changes, struck out provisions relating to liens on distillery property and the furnishing of indemnity bonds as methods of securing tax payments and inserted provisions relating to the one plant operations bond, which will cover the operations at a bonded wine cellar which is adjacent to the distilled spirits plant and operated by the same person.

1976—Pub. L. 94-455 struck out "or his delegate" after "Secretary" wherever appearing.

1971—Subsec. (b)(1). Pub. L. 91-659, §4(b), extended exception clause in parenthetical by making reference to cl. (4) of this subsection.

Subsec. (b)(2). Pub. L. 91-659, §4(c), inserted reference to par. (4).

Subsec. (b)(4). Pub. L. 91-659, §4(a), added par. (4).

EFFECTIVE DATE OF 1979 AMENDMENT

Amendment by Pub. L. 96-39 effective Jan. 1, 1980, see section 810 of Pub. L. 96-39, set out as a note under section 5001 of this title.

EFFECTIVE DATE OF 1971 AMENDMENT

Amendment by Pub. L. 91-659 effective on first day of first calendar month which begins more than 90 days after Jan. 8, 1971, see section 6 of Pub. L. 91-659, set out as an Effective Date note under section 5066 of this title.

TRANSITIONAL RULES RELATING TO ALL-IN-BOND METHOD

Pub. L. 96-39, title VIII, §809(c), July 26, 1979, 93 Stat. 292, as amended by Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that: "For purposes of section 5173 of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] (relating to bonds), each person who intends to continue operation at a premises after December 31, 1979, shall be treated as intending to establish a dis-

tilled spirits plant on such premises on January 1, 1980."

**§ 5174. Repealed. Pub. L. 96-39, title VIII, § 807(a)(14), July 26, 1979, 93 Stat. 282]**

Section, added Pub. L. 85-859, title II, §201, Sept. 2, 1958, 72 Stat. 1352; amended Pub. L. 94-455, title XIX, §§1905(a)(14), 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1820, 1834, related to withdrawal bonds.

A prior section 5174, act Aug. 16, 1954, ch. 736, 68A Stat. 630, related to "registry of stills", prior to the general revision of this chapter by Pub. L. 85-859. See sections 5179 and 5505(d) of this title.

Provisions similar to those comprising subsec. (a)(1) of section 5174, added by Pub. L. 85-859, title I, §201, Sept. 2, 1958, 725 Stat. 1352, relating to the withdrawal from bonded premises of distilled spirits on the furnishing of a bond by the proprietor of the bonded premises to secure payment of the tax on such spirits, were contained in prior sections 5176(b) and 5232(b), act Aug. 16, 1954, ch. 736, 68A Stat. 629, 643, prior to the general revision of this chapter by Pub. L. 85-859.

EFFECTIVE DATE OF REPEAL

Repeal effective Jan. 1, 1980, see section 810 of Pub. L. 96-39, set out as an Effective Date of 1979 Amendment note under section 5001 of this title.

**§ 5175. Export bonds**

**(a) Requirements**

No distilled spirits shall be withdrawn from bonded premises for exportation, or for transfer to a customs bonded warehouse, without payment of tax unless the exporter has furnished bond to cover such withdrawal under such regulations and conditions, and in such form and penal sum, as the Secretary may prescribe.

**(b) Exception where proprietor withdraws spirits for exportation**

In the case of distilled spirits withdrawn from bonded premises by the proprietor for exportation without payment of tax, the bond of such proprietor required to be furnished under paragraph (1) of section 5173(a) covering such premises shall cover such exportation, and subsection (a) shall not apply.

**(c) Cancellation or credit of export bonds**

The bonds given under subsection (a) shall be cancelled or credited and the bonds liable under subsection (b) credited if there is such proof of exportation as the Secretary may by regulations require.

(Added Pub. L. 85-859, title II, §201, Sept. 2, 1958, 72 Stat. 1352; amended Pub. L. 94-455, title XIX, §1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834; Pub. L. 95-176, §3(b), Nov. 14, 1977, 91 Stat. 1365; Pub. L. 96-39, title VIII, §807(a)(15), July 26, 1979, 93 Stat. 282; Pub. L. 105-34, title XIV, §1412(a), Aug. 5, 1997, 111 Stat. 1046.)

PRIOR PROVISIONS

A prior section 5175, act Aug. 16, 1954, ch. 736, 68A Stat. 628, related to "notice of business of distiller", prior to the general revision of this chapter by Pub. L. 85-859. See sections 5171(a), (c) and 5172 of this title.

Provisions similar to those comprising this section were contained in a prior section 5247(a), act Aug. 16, 1954, ch. 736, 68A Stat. 647, prior to the general revision of this chapter by Pub. L. 85-859.

AMENDMENTS

1997—Subsec. (c). Pub. L. 105-34 substituted "if there is such proof of exportation as the Secretary may by