

**A Summary of
FEDERAL REGULATIONS OF
PURE AND DENATURED
ETHYL ALCOHOL**

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A Lyondell Company

A Summary of FEDERAL REGULATIONS ON PURE AND DENATURED ETHYL ALCOHOL

PREFACE

The Bureau of Alcohol, Tobacco and Firearms (ATF), Department of Treasury publishes regulations relating to the production, procurement, storage, use, recovery, and accounting for industrial alcohol. Up-to-the-minute information is available from the ATF website at <http://www.atf.treas.gov>.

The regulations governing procurement and use of tax-free ethyl alcohol, tax-paid ethyl alcohol, specially denatured alcohol, proprietary solvents, special industrial solvents and completely denatured alcohol are published in Title 27, Code of Federal Regulations (27 CFR). All part numbers shown are found in 27 CFR unless otherwise designated.

Parts 17, 20, 21 and 22 contain the specific regulations for the procurement and use of industrial alcohol. 27 CFR may be purchased from:

Superintendent of Documents
U.S. Government Printing Office
Washington, DC 20402
<http://bookstore.gpo.gov/>

In addition, the CCH-Liquor Control Law Reporter promptly reports all regulatory changes. This service is available from:

The Commerce Clearing House, Inc
Federal Tax Department
4025 W. Peterson Avenue
Chicago, IL 60646-6085
800-344-3734
<http://www.cch.com>

DISTRICT DIRECTOR

The ATF district director is responsible for administering federal laws and regulations relating to industrial alcohol. The director may require additional information and/or waive certain requirements when deemed necessary or appropriate. The regional staff (including ATF area supervisors) should be consulted in all matters and questions relating to preparation of forms and interpretations of laws and regulations.

INTRODUCTION

This bulletin guides commercial industrial alcohol producers, handlers, shippers or users in obtaining and using industrial alcohol and in identifying and complying with the various regulatory requirements. The information in this document is, to our knowledge, true and accurate. However, since the particular uses and the actual conditions of use of our products are beyond our control, establishing satisfactory performance of our products for the intended application is the customer's sole responsibility. All uses of Equistar products and any written or oral information, suggestions or technical advice from Equistar is without warranty, express or implied, and is not an inducement to use any process or product in conflict with any patent.

Industrial alcohol is available for many uses with various degrees of governmental regulation and control and may be procured as:

PURE ETHYL ALCOHOL, available as:

Tax-Paid Alcohol: obtained by paying a federal tax of \$13.50 per proof gallon. When used for the production of various prescribed products, the user is entitled to a drawback of \$12.50 per proof gallon. (Part 17)

Tax-Free Alcohol: available to qualified users for various defined academic, medical, scientific and governmental uses. (Part 22)

Punctilious®: The brand of pure ethyl alcohol produced by Equistar Chemicals, LP.

SPECIALLY DENATURED ALCOHOL (SDA) is a moderately denatured material available in many formulations. The use of SDA is defined by the formula (determined by the types of denaturants used) and is available for specific, defined uses to authorized users. (Parts 21 and 22)

ALCOHOL SOLVENTS are highly denatured formulations of ethyl alcohol. Solvents are available in three basic classes:

Special Industrial Solvents: defined formulations for authorized industrial users. Filmex® brand is the special industrial solvent produced by Equistar Chemicals, LP. (20.112)

Special "S" Solvents: custom compounded solvents for specific uses.

Proprietary Solvent: a highly denatured alcohol available in several authorized formulations that may be sold in various package sizes to any person. (20.113)

COMPLETELY DENATURED ALCOHOL is a complex denatured alcohol for sale and use for any lawful purpose. (20.141)

PROCEDURE FOR OBTAINING INDUSTRIAL ALCOHOL

To purchase pure ethyl alcohol, SDA, special or proprietary solvents, the industrial customer must contact the ATF district director for the necessary forms. The amount of tax-free alcohol or SDA intended for use determines if an industrial alcohol bond is required. A bond is not required for withdrawals of less than 1,500 proof gallons annually or if the applicant is a state or political subdivision of the District of Columbia.

Various quantities of industrial alcohol can be purchased any time throughout the year so long as the quantity, on hand and unaccounted for, does not exceed the capacity of the facilities and the cumulative quantity withdrawn does not exceed the quantity authorized by the yearly permit.

The prospective user of industrial alcohol should have an estimate of monthly and annual requirements when first contacting the ATF to expedite the registration procedure. A forecast of growth should be calculated into the quantity when applying for a permit.

The director prescribes all the forms required by regulations and each form must be completed in its entirety.

Form 5100.1, Signing Authority for Corporate Officials, lists the corporate officials or employees authorized by the articles of incorporation, the bylaws or the board of directors in adopted resolutions or motions, to act on behalf of the corporation or to sign its name. If the authorization to sign is granted by position title, rather than to specific individuals by name, a new authorization is not needed each time a change of incumbent occurs. Where authorization is not granted by the articles of incorporation or by the board of directors, ATF Form 5000.8, Power of Attorney, must be submitted.

An application to use pure ethyl alcohol and SDA must include a Power of Attorney Form 5000.8 for every person authorized to sign or act on behalf of the applicant. Form 5000.8 is not required for persons whose authority to act for the applicant is derived from articles of incorporation, or bylaws, or action of the board of directors.

INSPECTION OF PREMISES

Before ATF approval of any forms or operation, a representative of the ATF district director's office may inspect the user's premises. The inspector will be available to help the applicant with any qualification problems. Other help, if needed, will be available from Equistar sales representatives.

STATE REQUIREMENTS

In addition to complying with the federal regulations, a qualified customer must also satisfy the alcohol use requirements of the state(s) in which the business(es) is located.

PURE ETHYL ALCOHOL

TAX-PAID INDUSTRIAL ALCOHOL

Pure ethyl alcohol for industrial use may be purchased as tax-paid alcohol as 190 proof (95 percent alcohol by volume) or as 200 proof (100 percent alcohol by volume)

Tax-paid industrial alcohol is released from bond by payment of the federal tax of \$13.50 per proof gallon or \$27.00 per wine gallon at 200 proof or \$25.65 per wine gallon at 190 proof. Tax-paid alcohol may be purchased for non-beverage use without a federal permit or bond.

Practically all states have special regulations and must be contacted for their requirements for the purchase and use of pure alcohol.

All orders for tax-paid alcohol must carry a statement that the alcohol is for industrial use only. "Industrial" uses of tax-paid distilled spirits as described in 27 CFR, Part 1.6 include all distilled spirits used for experimental purposes and in the manufacture of:

- (a) Medicinal, pharmaceutical, or antiseptic products, including prescriptions compounded by retail druggist.
- (b) Toilet preparations.
- (c) Flavoring extracts, syrups, or food products.
- (d) Scientific, chemical, mechanical, or industrial products provided such products are unfit for beverage use.

These products are excluded from any application of the term "non-industrial use."

PROCEDURE - USE OF TAX-PAID ALCOHOL IN THE MANUFACTURE OF ARTICLES QUALIFIED FOR DRAWBACK

Federal regulation Part 17 provides for a drawback of taxes by manufacturers using tax-paid alcohol for the production of approved medicines, medicinal products, food products, flavorings or flavoring extracts unfit for beverage purposes. To obtain the drawback for non-beverage alcohol, the formula and process must be approved by the ATF director if they are not prescribed by the United States Pharmacopoeia (U.S.R), the National Formulary (N.F.) or Homeopathic Pharmacopoeia of the United States (H.P.U.S.).

FILING OF FORMS

Completion of the following forms is generally required for the use of tax-paid industrial ethyl alcohol and for claiming drawback.

Form	Description
SS-4	Application for Employee Identification Number
5630.5	Special Tax Registration and Return
5620.8	Claim – Alcohol, Tobacco and Firearms Taxes
5000.8	Power of Attorney (See page 2)
5154.1	Formula and Process for Non-Beverage Product
5154.3	Bond for Drawback Under 26 USC 5131
5100.1	Signing Authority for Corporate Officials (See page 2)
7545	Certificate of Delivery of Alcohol – Tax-paid permit is continuing (per Part 22.49) unless automatically terminated by terms thereof, suspended or revoked, or voluntarily surrendered

PROCEDURE

Form SS-4-Application for Employer Identification Number

For requesting an Employer Identification Number assigned to an operation by the Internal Revenue Service Center.

Form 5630.5 - Special Tax Registration and Return

For receiving a drawback of the special \$500 per year tax specified in part 17.22.

Form 5154.3 - Bond for Drawback under 26 15131

A bond is required for users filing for drawback on a monthly basis. If filing on a quarterly basis, a bond is not required. The penal sum of the bond shall not exceed \$200,000 nor be less than \$1,000. To arrive at the quantity required, use the following calculation:

$$\text{Proof of gallons used per quarter} \times \$12.50 = \text{Bond \$ Value}$$

Thus \$1,000 is equal to 80 proof gallons and \$200,000 is equal to 16,000 proof gallons or more based on the quarterly use. (17.101)

Form 5154.1 - Formula and Process for Non-Beverage Product

This form provides the quantitative contents of the formula and statement of process. Quantitative formulas need not be submitted for a medicinal preparation, tincture or fluid extract produced under formulas prescribed by the current U.S.P., N.F. or H.P.U.S. and such products identified by name and by those organizations.

COMMERCIAL INVOICE

When the supplier ships tax-paid alcohol to a customer qualifying for drawback, a signed commercial invoice is supplied to the customer supporting his claim of tax payment for the alcohol. The commercial invoice must contain all the pertinent information required by the ATF.

Form 5620.8 - Claim - Alcohol, Tobacco and Firearms Taxes

Form 5620.8 must be filed for the user to receive \$12.50 of the \$13.50 of taxes paid on each proof gallon used. File the original form quarterly or monthly when Form 5154.3 has been filed and approved. Monthly or quarterly claims may be filed at any time after the end of the claim period, but must be filed not later than the close of the sixth month succeeding the quarter in which such spirits were used.

Form 7545 - Certificate of Delivery of Alcohol - Tax-Paid

Form 7545 is required to support any claim for drawback from U.S. Customs on domestic tax-paid alcohol contained in flavoring extracts, medicinal or toilet preparations, including perfumes, for export. A drawback of the entire \$13.50 per proof gallon is authorized for the domestic alcohol content of products exported from the United States.

SPECIAL OCCUPATIONAL TAX

Form 5630.5 - Special Tax Registration and Return

Industrial alcohol producers, users, denatured spirits plants and SDA users must register using Form 5630.5 and pay the appropriate yearly tax rate. Although other taxes are filed using this form, for the purposes of this bulletin only the following are listed:

Producer of Distilled Spirits	\$1,000
Proprietor of Distilled Spirits Plant	\$1,000 (19.50)
User of Tax-Free Alcohol	\$250 (22.37)
User of Specially Denatured Alcohol	\$250 (20.38)

The tax is paid on or before the date of commencing business as an industrial alcohol producer, operator or user and thereafter every year on or before July 1. On commencing business, the tax is computed from the first day of the month in which liability is incurred through the following June 30. Thereafter, the tax is computed from July 1 through June 30.

There is a reduced tax rate for small proprietors whose annual gross receipts are less than \$500,000. (19.50)

TAX-PAID RETURNS

Form 5000.24 - Excise Tax Return

A proprietor of bonded premises that withdraws spirits after the quantity of taxable spirits has been established (determined) and before payment of tax, must file a semi-monthly tax return covering such spirits (19.52 and 19.525) not later than the 14th day after the last day of the return period. Variations occur on weekends and holidays. Payment is accepted by check (by certified mail) or electronic fund transfer (EFT).

EVIDENCE OF TAX PAYMENT OF DISTILLED SPIRITS (17.163)

For each shipment of tax-paid spirits from the bonded premises of a distilled spirits plant, the receiver (manufacturer) must obtain the record of shipment prepared by the supplier under 19.780. This record must be retained with the commercial invoice as evidence of tax payment for the spirits.

As per 19.761, each invoice or shipping document must show the total proof gallons and effective tax rate of each removal.

Per 19.780, the proprietor must prepare a record of each shipment and forward the original and a copy to the consignee.

The following information and an authorized signature for the company is on the bottom of the company invoice: "(The company) hereby certifies its payment of the above tax under 27 CFR Section 17.163." (Signed by a qualified Attorney-In-Fact)

RETURN OF TAX-PAID SPIRITS TO BONDED PREMISES (19.681)

Distilled spirits on which the tax has been paid may only be returned to bonded premises of a distilled spirits plant for destruction (19.691), denaturing (subpart N), redistillation (subpart K), reconditioning or rebottling. Tax-paid spirits must not be mixed with other alcohol.

Claims for allowance of credit for tax on spirits returned to bonded premises must supply the information required in 19.42 and 19.682. As per 19.42(d) and USC 5134(b), claims for credit or refund of tax must be filed by the proprietor of the plant to which the spirits were returned within six months of the date of the return. No interest is allowed on any claims of refund or credit.

PURCHASE OF TAX-FREE INDUSTRIAL ALCOHOL FOR NON-BEVERAGE USE

26 USC (United States Code) Section 5214 authorizes alcohol to be purchased free of tax:

1. By, and for the use of, the United States or any governmental agency thereof, any state, any political subdivision of a state, or the District of Columbia, for non-beverage purposes.
2. For non-beverage purposes and not for resale or use in the manufacture of any product for sale:
 - a. For the use of any educational organization described in section 170(b)(1)(A)(ii) exempt from income tax under section 501(a), or for the use of any scientific university or college of learning.
 - b. For any laboratory use exclusively in scientific research.
 - c. For use at any hospital, blood bank or sanitarium (including use in making any analysis or test at such hospital, blood bank or sanitarium) or at any pathological laboratory exclusively engaged in making analyses or tests for hospitals or sanitariums.
 - d. For the use of any clinic operated for charity and not for profit (including use in the compounding of bona fide medicines for treatment outside of such clinics of patients thereof).

PROCEDURE

To procure and use tax-free alcohol:

1. Obtain, complete and return the appropriate forms to ATF district director's office.
2. Obtain an inspection by an ATF inspector of your premises. Depending on the quantity of tax-free alcohol to be used, the ATF forwards the necessary forms to a user. The applicant must provide lockable storage facilities suitable for the business. Completion of the following forms is generally required for the use of tax-free industrial ethyl alcohol:

Form	Description
5150.9	Permit to Use Alcohol Free of Tax
5150.25	Tax-Free Alcohol User's Bond
5000.8	Power of Attorney (See page 2)
5150.22	Application for an Industrial Alcohol User Permit
5000.9	Personnel Questionnaire – Alcohol and Tobacco Products
5100.1	Signing Authority for Corporate Officials (See page 2)

Form 5150.9 - Industrial Alcohol User Permit

Permit issued by the ATF for procurement of alcohol showing quantities approved for use and conditions under which it must be handled.

Form 5150.25 - Tax-Free Alcohol User's Bond

Every user filing Form 5150.22 shall, before an industrial use permit is issued, file bond Form 5150.25 with the district director. No bond is required if the applicant:

1. Is a state, any political subdivision of a state or the District of Columbia.
2. Does not withdraw more than 1,500 proof gallons of tax-free alcohol per year. The penal sum of the bond shall not exceed \$15,000 nor be less than \$2,000. To determine the amount of the bond required:

0 to 1,500 Proof Gallons PG)	No Bond
1,500 to 3,000	\$2,000 plus \$100 each 100 PG up to \$3,000 (3,500 PG)
3,001 to 6,000	\$3,000 plus \$200 each 100 PG up to \$7,500 (5,220 PG)
6,000+	\$7,500 plus \$250 each 100 PG up to \$15,000 (9,000 PG)

Form 5000.9 - Personnel Questionnaire - Alcohol and Tobacco Products

At the discretion of the district director, this form may be required by each user, user officers, directors or major stockholders.

Form 5150.22 - Application for an Industrial Alcohol User Permit (22.41)

Approval of this form authorizes the user to procure specific quantities of alcohol. The quantities are calculated on a yearly basis. The withdrawal permit continues unless automatically terminated by terms thereof, suspended or revoked as provided in 20.51 or is voluntarily surrendered.

To receive alcohol, users must forward a photocopy of Form 5150.9 permit to their supplier(s). This form must be marked as a copy and signed by an authorized person and dated before sending it to the supplier(s).

To expedite the purchase of alcohol, one supplier may retain Form 5150.9, but the user may request its return to be able to purchase from more than one supplier. Also, the user may request two or more separate permits and lodge them with different suppliers. In such case, the user shall allot among the several suppliers the total to be withdrawn. The permit must not be overdrawn.

LOSSES

All users of tax-free alcohol must maintain strict accounting for all in-transit and inventory losses. Where a loss exceeds one percent of the original aggregate contents and the quantity lost is more than five proof gallons, the permit owner is responsible for filing a claim for allowance of the quantity lost.

1. In-Transit

The carrier has the responsibility of:

- a. Informing the consignee in writing, of the facts and circumstances concerning a loss. (22.122)
- b. Notifying immediately the consignee's district director in case of theft.

The consignee:

- a. Must determine and report the quantity of alcohol lost.
- b. Must file a claim for allowance of the entire quantity lost. (22.125)

2. On User's Premises The user:

- a. Must determine the amount of alcohol lost from storage tanks as the tank is emptied.
- b. Must determine any losses from packages when removed for shipment or dumped.
- c. Must determine losses due to theft at the times such losses are discovered.
- d. Must keep semi-annual inventories for the periods ending June 30 and December 31. (22.162)
- e. Record losses in the required manufacturing records.

Claim for allowance is not required on non-theft losses in transit or on premises if (1) the loss does not exceed one percent of the containers original aggregate contents and the quantity lost is five proof gallons or less and (2) there are no circumstances indicating that any part of the quantity lost was unlawfully used or removed.

Claim for allowance of losses of larger quantities of tax-free alcohol and where theft is indicated must be filed with the district director on Form 5620.8 within 30 days from the date the loss is ascertained.

DOCUMENTS AND RECORDS

Users shall keep records in sufficient detail to enable ATF officers to verify all transactions in tax-free alcohol have been compliance with the law and regulations.

TRANSFERS IN BOND

Form 5100.16 - Application for Transfers in Bond

Bulk spirits or denatured spirits may be transferred in bond between the bonded premises of plants qualified under 26 USC 5171. (19.505 and 19.506)

To have spirits or denatured spirits delivered in bond, apply to the district director using Form 5100.16. This application is not approved unless the applicant's operation or unit bond is in the maximum penal sum, or is sufficient to cover the tax and the chargeable liabilities on the spirits to be transferred.

An approved copy of the application must go to the consigning proprietor.

SPECIALLY DENATURED ALCOHOL

Specially denatured alcohol is available to authorized users for authorized uses with approved denaturant(s). (Parts 20 and 21)

INTRODUCTION

Before starting business, obtain an industrial use permit Form 5150.9 from the district director's office. Depending on the quantity of SDA to be used, the ATF forwards the necessary forms. The applicant must provide lockable storage facilities.

FILING OF FORMS

Completion of the following forms is generally required for the use of SDA.

Form	Description
5150.9	Permit to Use Alcohol Free of Tax
5150.22	Application for Permit to Use Specially Denatured Alcohol
5150.19	Formula for Article made with Specially Denatured Alcohol or Rum
5150.25	Bond of User of Specially Denatured Alcohol or Rum
5150.9	Permit to use Specially Denatured Alcohol or Rum
5150.18	User's Report of Denatured Spirits
5000.8	Power of Attorney (See page 2)
5000.9	Personnel Questionnaire – Alcohol and Tobacco Products
5000.30	Supplemental Information on Water Quality Consideration – Under 33 USC 1341(a)
5000.29	Environmental Information
5100.1	Signing Authority for Corporate Officials (See page 2)

PROCEDURE

Form 5150.22 - Application for Permit to Use Specially Denatured Alcohol

This form contains complete application information pertaining to the use and handling of SDA.

Form 5150.25 - Bond of User of Specially Denatured Alcohol or Rum

A bond is not required when the application is filed by a state, or any political subdivision thereof, or the District of Columbia, or where the quantity of specially denatured alcohol authorized to be withdrawn does not exceed 5,000 gallons per year. (20.71)

The penal sum of the bond shall not exceed \$100,000 or be less than \$2,000. To determine the amount of bond required for procuring SDA alcohol:

For 5,000 to 10,000 wine gallons of withdrawals	\$2,000
For each additional 5,000 gallons up to 500,000	\$1,000
Over 500,000 gallons	\$100,000 (20.71)

The annual cost of a bond varies from state to state.

Form 5150.19- Formula for Article Made with Specially Denatured Alcohol

Every person desiring to use SDA in an article, as discussed in Part 20.91, or to recover denatured alcohol or articles shall submit on Form 5150.19 directly to the ATF director, a description of each formula (and process if required) and a sample of the finished article.

Form 5000.9 - Personnel Questionnaire-Alcohol and Tobacco Products

At the discretion of the district director, this form may be required by each user, user officers, directors or major stockholders.

Form 5000.30-Supplemental Information on Water Quality Considerations

The district director can provide Form 5000.30 and necessary instructions needed to comply with the Federal Water Pollution Control Act. This act requires applicants insure any discharge into navigable waters does not violate applicable water standards.

Form 5000.29 - Environmental Information

The district director can provide the applicant with Form 5000.29 and necessary instructions needed to comply with the National Environmental Policy Act. This act requires analysis of the environmental consequence of ATF permits, licenses, etc.

Form 5150.9 - Permit to Use Specially Denatured Alcohol or Rum

This is a continuing permit and shall be posted, available for inspection, on the user's premises. To receive alcohol, each supplier must be given a photocopy of Form 5150.9 permit marked as a copy and signed and dated by an authorized person.

Form 5150.18 - User's Report of Denatured Spirits

All users must file this annual report for the period of July 1 through June 30 not later than July 15.

LOSSES

All users of SDA must keep strict accounting of all in-transit and inventory losses. A claim must be filed when a loss exceeds one percent of the original aggregate contents and the quantity lost is more than five wine gallons. (20.201)

1. In-Transit (20.202)
The carrier has the responsibility of:
 - a. Informing the consignee in writing, of the facts and circumstances concerning a loss.
 - b. Notifying immediately the consignee's district director in case of theft.The consignee:
 - a. Must determine and report the quantity of SDA lost on Form 5150.18.
 - b. Must file claim for allowance of the entire quantity lost, regardless of the percentage of loss or the quantity lost in the event of theft.
2. On User's Premises (20.203)
The user:
 - a. Must determine the quantity of SDA lost from storage tanks as the tank is emptied.
 - b. Must determine any losses from packages removed for shipment or dumped.
 - c. Must determine losses due to theft at the time such losses are discovered.
 - d. Must take and record an actual inventory of SDA in his possession at the end of each month.
 - e. Must record losses on Form 5150.18 and in the required manufacturing records.

Claim for allowance is not required of non-theft losses in-transit or on-premises if (1) the losses do not exceed one percent of the container's original aggregate contents and the quantity lost is five wine gallons or less and (2) there are no circumstances indicating any part of the quantity lost was unlawfully used or removed.

Claim for allowance of losses of larger quantities of SDA or where theft is indicated must be filed on Form 5620.8 with the district director within 30 days from the date the loss is ascertained.

DOCUMENTS AND RECORDS

Users shall keep records to enable ATF officers to verify all transactions in specially denatured alcohol and to ascertain whether there has been compliance with law and regulations, and to enable the user to prepare Form 5150.18. Specific requirements as to monthly inventories, time for making entries, filing and retention of records are set forth in 20.264 to 267. An ATF officer may inspect required records and reports at the user's premise during regular business hours.

ALCOHOL SOLVENTS

Regulations in Part 20 provide for the manufacture, sale and use of special industrial solvents and proprietary solvents manufactured with an SDA base.

General-Use Formulas (20.112)

FILMEX SPECIAL INDUSTRIAL SOLVENTS AND SPECIAL "S" SOLVENTS

USE IN MANUFACTURING

Filmex special industrial solvents and special "S" solvents may be used in industrial operations and in manufacturing of articles for sale and are available without permit or bond. The use of solvents in such manufacturing cannot be done until Form 5150.19 (and samples as necessary) covering such production has been approved by the ATF director in Washington D.C.

Filmex special industrial solvents and special "S" solvents may not be distributed through retail channels nor reprocessed into other solvents for sale when containing more than 50 percent alcohol by volume.

Reprocessors, dealers in articles or receivers of articles in containers exceeding one gallon may be required to submit to the district director:

1. Nature of activities to be conducted.
2. Name and address of supplier.
3. Size and type of containers in which articles will be received.
4. Maximum quantity of each to receive each month.
5. Description of the reprocessing operation.
6. Samples of the reprocessed article.
7. Labels and advertising materials.
8. Names and addresses of recipients and quantities of articles received.

Submission of an approved formula, on Form 5150.19, is not required for an article made in accordance with any of the approved general-use formulas prescribed by 20.112 to 20.119.

RESALE AND REFORMULATION

ATF approval must be received before repackaging, reselling or reformulating any articles made with Filmex special industrial solvents. To resell or reformulate new products using Filmex special industrial solvents, submit Form 5150.19 with samples to the district director.

PROPRIETARY SOLVENTS

All proprietary solvents must be manufactured with SDA Formula Number 1 and 3A as their basis. Proprietary solvents may be procured without permit or bond in various bulk or small package sizes by any person for use in manufacturing or as a solvent. Proprietary solvents may also be sold to distributors and other persons for resale.

COMPLETELY DENATURED ALCOHOL

Completely denatured alcohol (CDA) formulas approved by the ATF may be purchased and used, for any lawful purpose, without bond or permit. An industrial permit and bond are required for users recovering CDA. Use of CDA in the arts and industry includes, but is not limited to, the manufacture of cleaning fluids, detergents, proprietary antifreeze solutions, thinners, lacquers and brake fluids. The regulations governing CDA are found in Parts 20 and 21. Users receiving, storing, selling or using CDA must keep records required by 20.261 to enable ATF officers to verify all transactions and compliance with laws and regulations.

MISCELLANEOUS INFORMATION

Reports 19.792

Form 5110.28 — Monthly Report of Processing Operations

Every processing operation must send the original of this completed form to the district director on or before the 15th of the following month.

Form 5110.43 — Monthly Report of Processing (Denaturing) Operations

Each distilled spirits plant must send the original of this completed form to the district director on or before the 15th of the following month.

SAMPLES

Pure Spirits per 19.70 (b)

A quantity of spirits not exceeding one liter may be furnished a prospective purchaser for quality testing only if a bona fide written or oral purchase agreement exists contingent upon quality approval by the prospective purchaser.

SDA Spirits per 20.251 and 20.252

Typically one-quart samples of SDA are supplied to prospective purchaser for testing. These samples may only be obtained from distilled spirits plants or dealers. Samples not larger than five gallons per calendar year may be obtained without a permit. Dealers must maintain records ensuring samples of SDA dispensed without a permit do not exceed five gallons per calendar year per person. These five gallons are the sum of all samples of all or any SDAs given to a person without permit in a given year.

The district director may waive the requirement to obtain a permit if it is demonstrated that more than five gallons is necessary to determine if an Industrial Use Permit is desired.

Consent of Surety (20.26 and 20.77)

Consents of Surety to changes in the terms of the bond must be executed on Form 5000.18 by the principal and by the surety with the same formality and proof of authority as is required for the execution of bonds.

GLOSSARY OF TERMS

Article:	Any substance or preparation in the manufacture of which denatured alcohol is used, including the product obtained by further manufacture or by combination with other materials, if the article subjected to further manufacture or combination contained denatured alcohol.
Completely Denatured Alcohol:	Ethyl alcohol which has been denatured pursuant to federal regulations, making the spirits totally unfit for beverage purposes.
Denaturant:	Any one of the materials authorized for addition to ethyl alcohol in its production to render it unfit for beverage or internal human medicinal use.
Denatured Alcohol:	Ethyl alcohol to which denaturants have been added.
Drawback:	The portion of excise taxes paid on distilled spirits returned to a manufacturer of non-beverage product when tax-paid alcohol is used to produce approved products unfit for beverage purposes. Non-beverage drawback claims are filed with the ATF District Director.
Ethyl Alcohol:	The common name for the hydroxyl derivative of the hydrocarbon ethane also known as ethanol, methyl carbinol, ethyl hydroxide, grain alcohol, fermentation alcohol, cologne spirits and spirits of wine.
Filmex.:	Equistar special industrial solvent
Industrial Alcohol:	Ethyl alcohol produced and sold, for other than beverage purposes, in the form of pure ethyl alcohol, specially denatured alcohol, proprietary solvent and Filmex special industrial solvents, special "S" solvents and completely denatured alcohol.
Proof:	The ethyl alcohol content of a liquid at 60° F (15.56° C) stated as the percent of ethyl alcohol by volume multiplied by two.
Proof Gallon:	A United States gallon of proof spirits or the alcoholic equivalent thereof. A simple version of proof gallons is the proof of the alcohol times the number of US gallons divided by 100 (Proof x Gallons/100 = Proof Gallons).
Proof Spirits:	That liquid which contains one-half its volume of ethyl alcohol of a specific gravity of 0.7939 in vacuum at 60° F referred to water at 60° F as unity.
Proprietary Solvent:	A solvent adapted for specific uses, containing more than 25 percent ethyl alcohol by volume and manufactured with specially denatured alcohol according to a formula approved by the ATF Director, Washington, D.C.
Pure Ethyl Alcohol:	Ethyl alcohol that has not been denatured and is sold as either 190 proof or 200 proof (absolute).
Specially Denatured Alcohol:	Alcohol denatured according to the specially denatured alcohol formulas listed in Part 21 and authorized by the ATF.
Special Industrial Solvents.	Solvents containing more than 25 percent ethyl alcohol by volume (Filmex) manufactured with specially denatured alcohol in accordance with authorized special industrial solvent formulations.
Special Occupational Tax:	A special tax paid by producers, distilled spirits plants and users of tax-free and SDA spirits per 26.U.S.C 5081(a).
Tax-Free Alcohol:	Pure ethyl alcohol withdrawn free of tax as provided by law.
Tax-Paid Alcohol:	Pure ethyl alcohol purchased for non-beverage use with the taxes already paid and without a Federal permit or bond.
Wine Gallon:	A United States gallon of liquid measure equivalent to the volume of 231 cubic inches.



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