

Administrative Release



Comptroller of the Treasury ● Alcohol & Tobacco Tax Unit
Goldstein Treasury Building ● Annapolis, Maryland 21404-2999 ● 410-260-7532

No. AB-2

June 6, 1995

To: Alcoholic Beverage Wholesalers

Subject: Destruction of Distressed Product

In order to support non-taxable dispositions for wine and distilled spirits or, in the case of beer, a tax refund claim, this office is called upon from time to time to have an investigator witness the destruction of distressed product, unmarketable goods, and breakage. In accordance with Bulletin AB-5 issued December 22, 1994 the current service charge for providing an inspector as a witness is \$100.00 for each one-half day or portion thereof.

We have been advised that because of environmental concerns and EPA requirements, large quantities of distressed alcoholic beverages, or those with a high alcohol content, have been difficult to dispose of on the wholesaler's premises or at local incinerators/landfills. However there are some site locations in adjacent states that have been EPA approved for disposal of this product.

In order to qualify for proper credit for destroyed alcoholic beverages the following guidelines are effective:

For Product Disposed of in Maryland

- No change to current procedures.
- Arrange for representative of Comptroller's Office to witness destruction by contacting the Investigative Services Unit at 410-260-7388.
- Applicable service charge will apply.

For Product Disposed of Out-of-State

- Advance approval of state not required.

- State representative need not witness the loading of product on the truck, but upon request will do so for the normal service charge.
- All public carriers, including disposal company trucks, must obtain a valid public transportation permit and vehicle identification card.
- A designated employee of the wholesaler must witness the loading of merchandise on the vehicle, the transportation of the product out-of-state, and the actual disposal at the out-of-state destruction site.
- The following documentation must be maintained and kept for a period of two years or until audited:
 - ◆ Affidavit from wholesaler's representative stating type and quantity of alcohol destroyed and certifying that employee witnessed the entire process, including destruction at the out-of-state site.
 - ◆ Bill of lading from trucking company (unless transported by wholesaler's vehicle).
 - ◆ Receipt for destruction by out-of-state disposal company (landfill, incinerator, etc).

Any questions pertaining to these procedures should be directed to Assistant Administrator Marion C. Schanze at 410-260-7319.

Charles W. Ehart, DPA
Administrator