§ 30.67. Losses after receipt due to leak-age, spillage, evaporation, or other causes not essential to the manufac-turing process shall be accurately re-corded in the manufacturer’s perma-nent records at the time such losses are determined.

(c) Tests of alcohol content. At rep-resentative intervals, the manufac-turer shall verify the alcohol content of nonbeverage products. The results of such tests shall be recorded.

§ 17.165 Receipt of raw ingredients.
For raw ingredients destined to be used in nonbeverage or intermediate products, the manufacturer shall record, for each shipment received—
(a) The date of receipt;
(b) The quantity received; and
(c) The identity of the supplier.

§ 17.166 Disposition of nonbeverage products.
(a) Shipments. For each shipment of nonbeverage products, the manufac-turer shall record—
(1) The formula number of the prod-uct;
(2) The date of shipment;
(3) The quantity shipped; and
(4) The identity of the consignee.
(b) Other disposition. For other dis-positions of nonbeverage products, the manufactur-er shall record—
(1) The type of disposition;
(2) The date of disposition; and
(3) The quantity of each product so disposed of.
(c) Exception. The manufacturer need not keep the records required by para-graphs (a) and (b) of this section for any nonbeverage product which either contains less than 3 percent of distilled spirits by volume, or is sold by the pro-ducer directly to the consumer in re-tail quantities. However, when needed for protection of the revenue, the appropria-te TTB officer may at any time require the keeping of these records upon giving at least five days’ notice to the manufacturer.

§ 17.167 Inventories.
(a) Distilled spirits. The “on hand” fig-ures reported in Part II of TTB Form 5154.2 shall be verified by physical inven-tories taken as of the end of each quarter in which nonbeverage products were manufactured for purposes of drawback. Spirits taxpaid at different effective tax rates shall be inventoried separately. The inventory record shall show the date inventory was taken, the person(s) by whom it was taken, sub-totals for each product inventoried, and any gains or losses disclosed; and shall be retained with the manufactur-er’s records. The manufacturer shall explain in Part IV of the supporting data (Form 5154.2) any discrepancy be-tween the amounts on hand as dis-closed by physical inventory and the amounts indicated by the manufactur-er’s records. Any gain in eligible spirits disclosed by inventory requires an equivalent deduction from the claim with which the inventory is reported. Gains shall not be offset by known losses. If no claim is filed for a quarter (nor for any monthly period therein), then no physical inventory is required for that quarter.
(b) Raw ingredients and nonbeverage products. When necessary for ensuring compliance with regulations and pro-tection of the revenue, the appropriate TTB officer may require a manufac-turer to take physical inventories of finished nonbeverage products, and/or raw ingredients intended for use in the manufacture of nonbeverage or inter-mediate products. The results of such inventories shall be recorded in the manufac-turer’s records. Any discrep-ancy between the amounts on hand as disclosed by physical inventory and such amounts as indicated by the manufac-turer’s records shall also be re-corded with an explanation of its cause.

§ 17.168 Recovered spirits.
(a) Each manufacturer intending to recover distilled spirits under the pro-visions of this part shall first notify the appropriate TTB officer. Any appa-ratus used to separate alcohol is sub-ject to the registration requirements of 26 U.S.C. 5179 and subpart C of part 29 of this chapter. Recovery operations may only be conducted on the premises where the recovered spirits were used in the manufacture or production of nonbeverage or intermediate products.
(b) The manufacturer shall keep a record of the distilled spirits recovered