

Margarine Regulations Amended to Conform with New Legislation

Bureau of Internal Revenue Publishes Revised Rulings Covering Determination
of Color and Definitions of Makers and Dealers

IN ACCORDANCE with the Oleomargarine Act of March 4, 1931, the Bureau of Internal Revenue of the Treasury Department has issued a comprehensive list of amendments to their Regulations No. 9, covering definitions of colored and uncolored oleomargarine, definitions of manufacturers, wholesale and retail dealers in oleomargarine, and description of the standard method to be used in determining the color of oleomargarine for purposes of taxation. The amendments to the Regulations are set forth in Treasury Decision No. 4313, addressed to "Collectors of Internal Revenue and Others Concerned."

The new Oleomargarine Act is quoted as follows:

"An Act to amend the Act entitled 'An Act defining butter, also imposing a tax upon and regulating the manufacture, sale, importation, and exportation of oleomargarine,' approved August 2, 1886, as amended, and for other purposes.

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the second paragraph of section 3 of the Act entitled 'An Act defining butter, also imposing a tax upon and regulating the manufacture, sale, importation, and exportation of oleomargarine,' approved August 2, 1886, as amended (U. S. C., title 26, sec. 207), is amended to read as follows:

"And any person that sells, vends, or furnishes oleomargarine for the use and consumption of others, except to his own family table without compensation, who shall add to or mix with such oleomargarine any substance which causes such oleomargarine to be yellow in color, determined as provided in subsection (b) of section 8, shall also be held to be a manufacturer of oleomargarine within the meaning of this Act and subject to the provisions thereof."

"Sec. 2. Section 8 of such Act of August 2, 1886, as amended (U. S. C., title 26, sec. 546), is amended to read as follows:

"Sec. 8 (a) Upon oleomargarine which shall be manufactured and sold, or removed for consumption or use, there shall be assessed and collected a tax at the rate of one-fourth of 1 cent per pound, to be paid by the manufacturer thereof; except that such tax shall be at the rate of 10 cents per pound in the case of oleomargarine which is yellow in color.

"(b) For the purposes of subsection (a) and of section 3, oleomargarine shall be held to be yellow in color when it has a tint or shade containing more than one and six-tenths degrees of yellow, or of yellow and red collectively, but with an excess of yellow over red, measured in the terms of the Lovibond tintometer scale or its equivalent. Such measurements shall be made under regulations prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, and such regulations shall provide that the measurement shall be applied in such manner and under such conditions as will, in the opinion of the commissioner, insure as nearly as practicable that the result of the measurement will show the color of the oleomargarine under the conditions under which it is customarily offered for sale to the consumer.

"(c) The tax levied by this section shall be represented by coupon stamps; and the provisions of existing laws governing the engraving, issue, sale, accountability, effacement, and destruction of stamps relating to tobacco and snuff, as far as applicable, are hereby made to apply to stamps provided for by this section."

"Sec. 3. * * * * *"

"Sec. 4. This Act shall take effect upon the expiration of ninety days after the date of its enactment * * *"

"Approved, March 4, 1931."

In accordance with the terms of that law, Regulations No. 9 (Revised August, 1925) are amended by the decision as indicated hereinafter, in part.

Section 29 is amended to read as follows:

"Sec. 29. Definition.—(a) A manufacturer of oleomargarine is one who manufactures oleomargarine for sale, or one who adds to or mixes with oleomargarine any substance which causes such oleomargarine to be yellow in color determined as provided in section 8 of the Act of August 2, 1886, amended, as amended by section 2 of the Act of March 4, 1931, and sells, vends, or furnishes the same for the use and consumption of others, except to his own family table without compensation.

"(b) A private individual may color oleomargarine taxed at the rate of one-fourth of 1 cent per pound without liability as a manufacturer if the oleomargarine is furnished to his own family table without compensation. Those who may be served at such family table include only father, mother, children, servants, and guests who are entertained without charge, and those for whose support the law ordinarily requires the head of a family to provide."

Section 42 is amended to read as follows:

"Sec. 42. Rates of stamp tax on oleomargarine.—

(Turn to Page 275)

Margarine Regulations

(From Page 265)

The tax upon oleomargarine when it has a tint or shade containing more than one and six-tenths degrees of yellow, or of yellow and red collectively, but with an excess of yellow over red, measured in the terms of the Lovibond tintometer scale or its equivalent, is 10 cents per pound, and the tax upon oleomargarine having a tint or shade containing less than one and six-tenths degrees of yellow, or yellow and red collectively, but with an excess of yellow over red, measured in the terms of the Lovibond tintometer scale or its equivalent, is one-fourth cent per pound. Any fractional part of a pound in a package is taxable as a pound. The tax on oleomargarine accrues upon removal from the factory or place where it is made, or upon sale prior to such removal, and is to be paid by the manufacturer thereof by the affixing of stamps before removal. Oleomargarine may be removed from the place of manufacture without the payment of tax for export (Sec. 96) or for use of the United States upon compliance with the provisions of revised Regulations 73 and 34, respectively."

Section 43 is amended to read as follows:

"Sec. 43. Method to be used in determining the degrees of color in oleomargarine.—The sample of oleomargarine to be tested should be spread to a smooth surface in a glazed porcelain tray having an inside depth of 3/16 of an inch. Irregularities on the surface of the oleomargarine should be avoided because they cause the formation of dark shadows. Excessive working of the product should also be avoided because any melted fat on the surface will increase the tint of the oleomargarine. The temperature at which the test is made depends to some extent upon the composition of the oleomargarine but it (temperature) should be high enough to permit the spreading of the oleomargarine in the tray and low enough to prevent melting on the surface. A temperature of 60° F. has been found satisfactory.

"The tray containing the oleomargarine should be placed on a sheet of white filter paper just below the cell end of a monocular tilting type Lovibond tintometer. Fine precipitated calcium sulphate worked to a smooth surface should be put in a similar tray alongside the tray containing the oleomargarine. By tilting the rear of the instrument to an approximate angle of 30° the light from both trays is reflected through the instrument. Standard color glass slides should be placed in slots provided for this purpose until the tint of the calcium sulphate appears to be the same as the tint or shade of the oleomargarine. The numerical color value of the glass slides used is the tint or shade of the oleomargarine.

"The cell end of the tintometer is placed in an 18 inch cubical skeleton frame constructed from one-half inch square wooden material, five sides being covered with sheets of white filter paper, the sixth side being left open for the tintometer. Light from a north window is preferable in taking readings. The use of filtered light through this device makes the color more distinct and also cuts off the possibility of shadows from the outside.

"The adaptability of the eye to perceive variations in color varies considerably with time of observation. It is imperative, therefore, to limit the observation to a fixed time, for which five seconds will be found convenient.

"The porcelain trays used in this test must be of the type generally used with the Lovibond tintometer for matching colors of powders."

Section 82 is amended to read as follows:

"Sec. 82. Packages without stamps or marks to be seized for forfeiture.—All packages of oleomargarine subject to tax found without stamps or marks provided by law and these regulations are liable to seizure for forfeiture; likewise any yellow oleomargarine within the meaning of that term as provided in section 8 of the Act of August 2, 1886, amended, as amended by section 2 of the Act of March 4, 1931, found on the market in packages bearing tax-paid stamps at the rate of one-fourth of 1 cent per pound."

The provisions of this Treasury Decision took effect June 3, 1931, and all rulings in so far as they may be inconsistent therewith were revoked as of that date.

A complete copy of the amendments to Regulations No. 9, as promulgated by the Bureau, may be obtained by anyone concerned upon application to the Commissioner of Internal Revenue for a copy of Treasury Decision No. 4313.

The Archer-Daniels-Midland Company plans to erect one of the largest terminal grain elevators in the northwest, according to a statement of Shreve M. Archer, president, who declared that the company believed more terminal space will be needed to warehouse northwest crops in the future. The proposed new elevator will have a capacity of 7,000,000 bushels and will occupy an entire city block, two small obsolete buildings being razed. Work will start at once and it is expected to be completed September 1.

The New York State Public Service Commission has approved for the Staten Island Rapid Transit Railroad reduced freight rates on cottonseed oil and cottonseed oil foots in bulk (barrels or tank cars) carloads (minimum 30,000 pounds), from Port Ivory to New York Central stations, as follows:—Buffalo, 26½ cents per 100 lbs.; Rochester 26½ cents; Syracuse 25 cents. The new rates became effective June 29.

It is reported in London that Unilever will send its own whaling fleet to the Antarctic next season in spite of decision of the greater part of the industry to give up production for the 1931-1932 season. The reason for Unilever's proposed action is said to be the necessity of getting 50,000 tons of fresh oil for edible purposes. It is also believed that Unilever plans to increase its own production to be more independent of other suppliers.