
STATUTORY INSTRUMENTS

2005 No. 1524

The Denatured Alcohol Regulations 2005

PART 1

PRELIMINARY

Citation and commencement

1. These Regulations may be cited as the Denatured Alcohol Regulations 2005 and come into force on 1st July 2005.

Interpretation

2. In these Regulations—

“the Act” means the Alcoholic Liquor Duties Act 1979;

“alcohol”, except in regulation 10(3), means “dutable alcoholic liquor”;

“completely denatured alcohol” has the meaning given in regulation 4;

“formulation” means the recipe or list of substances and liquids, including any proportions, quantities, standards, or other criteria relating to those substances and liquids, that a producer is to use and follow when making the class of denatured alcohol or a batch of it to which the formulation relates;

“industrial denatured alcohol” has the meaning given in regulation 4;

“producer” means—

(a) a person who is a distiller, rectifier or compounder, and who is authorized by the Commissioners under section 75 of the Act to denature alcohol; or

(b) a person who holds an excise licence granted under that section, and who denatures or intends to denature alcohol at any premises;

“trade specific denatured alcohol” has the meaning given in regulation 4.

Revocation

3. The Iso-Propyl Alcohol Regulations 1927(1) and the Methylated Spirits Regulations 1987(2) are revoked.

(1) S.R. & O. 1927/783.

(2) S.I. 1987/2009.

PART 2

CLASSES OF DENATURED ALCOHOL AND FORMULATIONS

Classes of denatured alcohol

4.—(1) For the purposes of the Act, section 5 of the Finance Act 1995 and these Regulations there are the following classes of denatured alcohol—

- (a) completely denatured alcohol;
- (b) industrial denatured alcohol; and
- (c) trade specific denatured alcohol.

(2) Subject to paragraphs (4), (6) and (7), completely denatured alcohol is denatured alcohol—

- (a) that has been made in accordance with regulation 5, or
- (b) that, if the denaturants that are employed are described in the Annex to Commission Regulation (EC) No. 3199/93(3), has been made in a member State other than the United Kingdom in accordance with a formulation and other requirements of that member State.

(3) Subject to paragraphs (4) and (6), industrial denatured alcohol is denatured alcohol—

- (a) that has been made in accordance with regulation 6, or
- (b) that is not completely denatured alcohol and—
 - (i) has been made in a member State other than the United Kingdom in accordance with a formulation and other requirements of that member State, and
 - (ii) has been incorporated into a product that is not for human consumption.

(4) Denatured alcohol made in a member State other than the United Kingdom is not denatured alcohol for the purposes of the Act, section 5 of the Finance Act 1995 or these Regulations if—

- (a) the United Kingdom has, in accordance with Article 27(5) of Council Directive 92/83/EEC(4), advised the European Commission that it gives rise to evasion, avoidance or abuse, and
- (b) it has not been determined, in accordance with the procedure laid down in Article 24 of Council Directive 92/12/EEC(5), that that denatured alcohol must be treated as exempt from excise duty under sub-paragraph (a) or (b) of Article 27(1) of Council Directive 92/83/EEC.

(5) Subject to paragraph (6), trade specific denatured alcohol is denatured alcohol that has been made in accordance with regulation 7.

(6) Denatured alcohol made outside the United Kingdom that has not been incorporated into a product that is not for human consumption is completely denatured alcohol, industrial denatured alcohol or trade specific denatured alcohol (as the case may be) if, in the opinion of the Commissioners, it has been made as nearly as is possible in accordance with one of the formulations described in the Schedule.

(7) Denatured alcohol made outside the United Kingdom and the Communities is completely denatured alcohol if, in the opinion of the Commissioners—

- (a) the denaturants employed are described in the Annex to Commission Regulation (EC) No. 3199/93, and

(3) OJ No L288, 23.11.1993, p.12 on the mutual recognition of procedures for the complete denaturing of alcohol for the purposes of exemption from excise duty; amended by Commission Regulation (EC) No. 2546/95 (OJ No. L260, 31.10.1995, p.45) and Commission Regulation (EC) No. 2559/98 (OJ No. L320, 28.11.1998, p.27).

(4) OJ No. L 316, 31.10.1992, p.21, to which there are amendments not relevant to these Regulations.

(5) OJ No. L76, 23.3.1992, p.4, to which there are amendments not relevant to these Regulations.

- (b) it has been made as nearly as is possible in accordance with a formulation of a member State other than the United Kingdom.

Completely denatured alcohol

- 5. A producer making completely denatured alcohol must—
 - (a) make it in accordance with the formulation described in paragraph 1 of the Schedule, and
 - (b) comply with the standards and other requirements of paragraphs 5 to 11 of that Schedule.

Industrial denatured alcohol

- 6. A producer making industrial denatured alcohol must—
 - (a) make it in accordance with the formulation described in paragraph 2 of the Schedule, and
 - (b) comply with the standards and other requirements of paragraphs 5 to 7 and 11 of that Schedule.

Trade specific denatured alcohol

- 7.—(1) Subject to paragraph (2), a producer making trade specific denatured alcohol must—
 - (a) make it in accordance with a formulation described in paragraph 3 of the Schedule, and
 - (b) comply with the standards and other requirements of paragraphs 4 to 6 and 11 of that Schedule (insofar as those paragraphs are applicable to the formulation he is following).
- (2) Instead of following a formulation described in paragraph 3 of the Schedule, when making a batch of trade specific denatured alcohol a producer may make that batch in accordance with a formulation that is approved by the Commissioners under this regulation.
- (3) The Commissioners may, if they think that in all the circumstances it is appropriate to do so, approve a formulation different from or as a variation on a trade specific denatured alcohol formulation described in paragraph 3 of the Schedule.
- (4) The Commissioners' approval—
 - (a) may only be granted following a written application to them by a producer or other person (“the applicant”), and
 - (b) may be granted subject to such conditions as the Commissioners may reasonably impose, and those conditions may be varied by the Commissioners for reasonable cause.
- (5) The Commissioners may require for the purposes of their consideration of the application made under paragraph (4)—
 - (a) a written statement containing the reasons why, in the applicant’s opinion, completely denatured alcohol, industrial denatured alcohol, and a formulation of trade specific denatured alcohol described in paragraph 3 of the Schedule, would all be unsuitable or detrimental having regard to the use to which it is intended that the denatured alcohol will be put;
 - (b) samples of the proposed formulation of trade specific denatured alcohol and of the ingredients of that formulation; and
 - (c) any other information that the Commissioners determine to be material to their consideration of whether or not it would be appropriate for them to grant approval of the formulation in question.

PART 3

PRODUCERS AND DISTRIBUTORS OF DENATURED ALCOHOL

Producer’s application for approval and entry of premises

8.—(1) A producer must, in respect of each set of premises at which he intends to make a class of denatured alcohol, make written application to the Commissioners for approval of the process he intends to employ when making that denatured alcohol.

(2) The application must include—

- (a) the class of denatured alcohol which the producer intends to make at the premises;
- (b) the formulation which the producer intends to follow in making a batch of that class;
- (c) the process which the producer intends to employ when mixing the alcohol with the other substances specified by the formulation being followed in making the denatured alcohol;
- (d) such other information as the Commissioners may require.

(3) No person may begin to denature alcohol until—

- (a) the Commissioners have, in accordance with this regulation, approved the process to be employed, and
- (b) if so required by paragraph (7), entry has been made in accordance with section 108 of the Customs and Excise Management Act 1979⁽⁶⁾ of each set of premises at which it is intended to make denatured alcohol.

(4) The Commissioners' approval of the process to be employed—

- (a) may be granted subject to such conditions as the Commissioners may reasonably impose, and
- (b) those conditions may be varied by the Commissioners for reasonable cause.

(5) A producer who has received the Commissioners' approval of the process to be employed must ensure that no other process is used and that the approved process is not varied without first receiving the Commissioners' approval of that other process or of that variation.

(6) Paragraph (4) applies to any approval given under paragraph (5).

(7) Except in the case of premises that are an excise warehouse, a producer must make entry of each set of premises at which he intends to make a class of denatured alcohol.

Producer’s and distributor’s account of goods and distributor’s entry of premises

9.—(1) In this regulation—

“distributor” means a person who—

- (a) holds an excise licence for the purposes of section 75 of the Act⁽⁷⁾,
- (b) does not denature alcohol at any premises on which he holds denatured alcohol, and
- (c) deals or intends to deal wholesale in denatured alcohol;

“goods” includes—

- (a) any alcohol, denaturants, dyes, denatured alcohol, and

⁽⁶⁾ 1979 c. 2; section 108 was amended by the Finance Act 1994(c. 9), Schedule 4, paragraph 7.

⁽⁷⁾ Section 75 was amended by the Finance Act 1995(c. 4), Schedule 2, paragraph 5 and by S.I. 1979/241, article 33; subsection (7) provides that dealing wholesale means the sale at any one time to any one person of a quantity of denatured alcohol of not less than 20 litres, or such smaller quantity as the Commissioners may by regulations specify.

- (b) any other goods on the premises described in paragraph (2)(a) by reason of those goods having been received, held, used or produced at those premises.
- (2) A producer and a distributor must—
- (a) control the goods on any premises on which they produce or hold denatured alcohol;
 - (b) take an account of those goods, and take an account (at the time of dispatch) of any goods dispatched from those premises in such manner and to such extent as the Commissioners may require;
 - (c) immediately record in such form and manner as the Commissioners may require any deficiency, surplus or discrepancy in their stock of goods or shown in their records, and any explanation for that deficiency, surplus or discrepancy;
 - (d) in addition to recording the details required by sub-paragraph (c), inform the Commissioners, in accordance with their instructions, of the deficiency, surplus or discrepancy;
 - (e) keep and preserve such other records relating to their business as a producer or as a distributor as the Commissioners may specify in a notice published by them and not withdrawn by a further notice.
- (3) For the purposes of paragraph (2) the Commissioners may give instructions that the stock of goods to which a deficiency, surplus or discrepancy relates must not be moved or disturbed without their permission and if they do give instructions to that effect no person may move or disturb that stock of goods without their permission.
- (4) Requirements imposed under paragraph (2) and instructions given under paragraph (3) may apply differently to different circumstances and may be varied from time to time by the Commissioners.
- (5) A distributor must make entry in accordance with section 108 of the Customs and Excise Management Act 1979 of any premises on which he holds or intends to hold denatured alcohol.

Receipt of alcohol for denaturing

10.—(1) The Commissioners may, subject to such conditions as they see fit to impose, permit alcohol to be delivered from an excise warehouse to the entered premises of a producer for denaturing without payment of excise duty.

In this paragraph “entered premises” means premises for which entry has been made in accordance with section 108 of the Customs and Excise Management Act 1979.

(2) The power to impose conditions under paragraph (1) includes power to require such security for excise duty as the Commissioners think fit.

(3) A producer who receives any alcohol of any description whatsoever from an excise warehouse must furnish the occupier of that excise warehouse with a receipt in such manner, within such period, and in such form, and containing such particulars, as the Commissioners may require.

Excise duty point

11.—(1) Where, in accordance with regulation 9(2)(d) a producer is required to inform the Commissioners of a deficiency in his stock of alcohol for denaturing, the time that the deficiency was discovered is the excise duty point for the missing alcohol.

(2) The producer is liable to pay the excise duty.

(3) This regulation does not apply to a deficiency that is attributable to evaporation or destruction of the alcohol found to be missing.

PART 4

RECEIPT, USE AND SUPPLY OF DENATURED ALCOHOL

Application

12. This Part applies to industrial denatured alcohol and trade specific denatured alcohol that has not been incorporated into a product that is not for human consumption.

Receipt and use of industrial denatured alcohol and trade specific denatured alcohol

13.—(1) No person may receive or use industrial denatured alcohol or trade specific denatured alcohol other than in accordance with the provisions of this Part.

(2) A person may receive industrial denatured alcohol or trade specific denatured alcohol only if he is authorized in writing by the Commissioners to receive that class of denatured alcohol.

(3) A person wishing to be authorized to receive industrial denatured alcohol or trade specific denatured alcohol must—

- (a) apply to the Commissioners in the form and manner specified in a notice they publish that has not been withdrawn by a further notice; and
- (b) if he wishes to receive trade specific denatured alcohol made in accordance with a formulation approved under regulation 7(2), describe the formulation in his application.

(4) The Commissioners may authorize a person to receive industrial denatured alcohol or trade specific denatured alcohol—

- (a) subject to restrictions on the uses to which that denatured alcohol may be put;
- (b) subject to restrictions on the formulations of denatured alcohol that may be received; and
- (c) subject to such conditions as they see fit to impose.

(5) Where there has been a change in any of the particulars that were included in a person's application for authorization, before receiving any further supplies of industrial denatured alcohol or trade specific denatured alcohol, he must give the Commissioners notice of that change in such form and manner as they require.

(6) The Commissioners may at any time for reasonable cause vary or revoke any authorization granted or any condition or restriction imposed under this regulation.

(7) A person may receive industrial denatured alcohol or any formulation of trade specific denatured alcohol only if, before he is supplied with that denatured alcohol, he furnishes the supplier with a copy of his authorization.

(8) A person authorized under this regulation must keep and preserve such records relating to his use of denatured alcohol as the Commissioners may specify in a notice published by them and not withdrawn by a further notice.

(9) A person authorized under this regulation must comply with and ensure compliance with any conditions or restrictions imposed in accordance with this regulation.

Supply of industrial denatured alcohol and trade specific denatured alcohol

14. Subject to regulation 15, industrial denatured alcohol and trade specific denatured alcohol—

- (a) must not be sent out from any premises other than in the course of a supply to a person—
 - (i) who is authorized in accordance with these Regulations to receive denatured alcohol of that formulation, and

- (ii) who has furnished his supplier with a copy of his authorization to receive denatured alcohol of that formulation, and
- (b) must not be supplied for any use that contravenes the restrictions on uses to which that formulation of denatured alcohol may be put by the person supplied.

Supply of industrial denatured alcohol and trade specific denatured alcohol - supplementary provisions

15.—(1) Regulation 14 does not apply to any case where—

- (a) the denatured alcohol is delivered to a place that is outside the United Kingdom and Isle of Man; or
- (b) a pharmacist is sending out industrial denatured alcohol for medical use on the prescription or order of a medical or veterinary practitioner.

In this paragraph—

“pharmacist” has the meaning given in section 132(1) of the Medicines Act 1968⁽⁸⁾;

“medical or veterinary practitioner” means a person entitled by law to provide medical or veterinary services in the United Kingdom;

“medical use” means any medical, veterinary, surgical or dental purpose other than administration internally.

(2) A person is treated as authorized to receive denatured alcohol of a particular formulation in accordance with these Regulations if he receives that alcohol in the Isle of Man and is authorized in accordance with the laws of the Isle of Man to receive that alcohol.

(3) In any case to which paragraph (2) applies the requirement contained in regulation 14(a)(ii) does not apply but the person intending to supply denatured alcohol must require the person to be supplied to provide a written statement specifying—

- (a) the date upon which he was authorized to receive denatured alcohol of that formulation;
- (b) the use or uses to which he intends to put that denatured alcohol;
- (c) any conditions or restrictions imposed on him by his authorization to receive denatured alcohol; and
- (d) the uses to which he is entitled to put the received denatured alcohol.

PART 5

MISCELLANEOUS

Recovery of alcohol

16.—(1) Subject to paragraph (2), no person may by any means whatsoever recover any alcohol or remove any other substance from any denatured alcohol or from any product containing denatured alcohol.

(2) The Commissioners may, subject to such conditions as they see fit to impose, allow a person to recover alcohol or remove any other substance from any denatured alcohol or from any product containing denatured alcohol.

⁽⁸⁾ 1968 c. 67; the definition of the term “pharmacist” was amended by S.I. 1976/1213.

(3) Where any alcohol is recovered or any other substance is removed from any denatured alcohol or from any product containing denatured alcohol the alcohol and the product from which any other substance is removed must be kept—

- (a) under the control of the person who recovered or removed it; and
- (b) under lock or otherwise secured until disposed of or otherwise dealt with in accordance with any condition imposed under paragraph (2).

Disposal of stocks

17.—(1) A producer, a distributor or other person authorized in accordance with these Regulations to receive, use, send out or supply any class of denatured alcohol—

- (a) whose business is discontinued while he is holding stocks of denatured alcohol, or
- (b) whose authority or licence for holding stocks of any class of denatured alcohol is revoked,

must within a reasonable time and to the satisfaction of the Commissioners dispose of any of those stocks in his possession.

(2) Where the discontinuance of a business is caused by the death of a producer, distributor or other person described in the paragraph (1), his personal representatives must dispose of any stocks of denatured alcohol in his possession at the time of his death in the manner required by the paragraph (1).

(3) In this regulation “distributor” means a person who holds an excise licence for the purpose of section 75 of the Act whether or not he is also a producer.

Importing and exporting denatured alcohol

18. Unless it has been incorporated into a product that is not for human consumption, the Excise Goods (Accompanying Documents) Regulations 2002⁽⁹⁾ shall apply to imports and exports of—

- (a) completely denatured alcohol as if it were alcohol in respect of which excise duty has been paid, and
- (b) any other denatured alcohol as if it were alcohol in respect of which excise duty has not been paid.

Amendment to the Spirits Regulations 1991

19. In regulation 20 of the Spirits Regulations 1991⁽¹⁰⁾, omit the words “methylated spirits”.

*D.A.Hartnett
Paul.R.C.Gray*

Two of the Commissioners of Her Majesty’s
Revenue and Customs

8th June 2005

⁽⁹⁾ S.I. 2002/501.
⁽¹⁰⁾ S.I. 1991/2564.