

# Proposed Rules

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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Part 301

[REG-142680-06]

RIN 1545-BG16

#### Postponement of Certain Tax-Related Deadlines by Reason of Presidentially Declared Disaster or Terroristic or Military Actions

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** This document contains a proposed regulation that proposes to amend existing regulations issued under section 7508A of the Internal Revenue Code (Code). The purpose of the proposed regulation is to clarify rules relating to the postponement of certain tax-related acts by reason of a Presidentially declared disaster or terroristic or military action. The proposed regulation clarifies the scope of relief under section 7508A and specifies that interest may be suspended during the postponement period. These changes are necessary to reflect changes in the law made by the Victims of Terrorism Tax Relief Act and current IRS practice. The proposed regulation will affect taxpayers determined by the Secretary to be affected by a Presidentially declared disaster or terroristic or military action.

**DATES:** Written or electronically generated comments and requests for a public hearing must be received by October 14, 2008.

**ADDRESSES:** Send submissions to: CC:PA:LPD:PR (REG-142680-06), room 5203, Internal Revenue Service, PO Box 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand-delivered Monday through Friday between the hours of 8 a.m. and 4 p.m. to CC:PA:LPD:PR (REG-142680-06), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW., Washington DC, or sent

electronically, via the Federal eRulemaking Portal at [www.regulations.gov](http://www.regulations.gov) (IRS REG-142680-06).

#### FOR FURTHER INFORMATION CONTACT:

Concerning the proposed regulation, Mary Ellen Keys (202) 622-4570; concerning submission of comments, Oluwafunmilayo Taylor, (202) 622-7180 (not toll-free numbers).

#### SUPPLEMENTARY INFORMATION:

##### Background

This document contains proposed amendments to the Procedure and Administration Regulations (26 CFR part 301). Section 7508A of the Internal Revenue Code (Code) relates to the postponement of certain tax-related acts by reason of Presidentially declared disaster or terroristic or military action. Section 7508A was added by section 911(a) of the Taxpayer Relief Act of 1997, Public Law 105-34 (111 Stat. 788, 877-78 (1997)) (the 1997 Act), which was effective for any period for performing an act that had not expired before December 5, 1997.

Section 7508A authorizes the Secretary to postpone the deadlines for the performance of certain tax-related acts for taxpayers determined to be affected by a Presidentially declared disaster or a terroristic or military action. Section 301.7508A-1 provides guidance for taxpayers seeking relief under section 7508A.

Since the publication of § 301.7508A-1 on December 14, 2000, section 7508A was amended by the Victims of Terrorism Tax Relief Act of 2001, Public Law 107-134 (115 Stat. 2427, 2433-35 (2002)) (the 2002 Act). The 2002 Act amended the statute by extending the time period during which the Secretary may postpone certain tax-related acts and allowing the Secretary to suspend the accrual of interest, penalties, additional amounts, or additions to the tax during the period of postponement. The proposed regulation incorporates amendments to section 7508A.

#### Explanation of Provisions

The proposed regulation reflects that the period of time the Secretary may postpone certain tax-related acts has been increased from 90 days to one year. Additionally, the proposed regulation reflects that the Secretary is authorized under section 7508A to suspend interest, penalties, additional amounts,

and additions to tax which would normally accrue during the time the tax-related act is postponed. Before the 2002 Act, generally, a taxpayer was responsible for interest that accrued during the postponement period (with a limited exception under former section 6404(h) when the taxpayer received both an extension of time to file under section 6081 and an extension of time to pay under section 6161).

The proposed regulation sets forth how the IRS generally implements postponements of time under section 7508A. The proposed regulation provides, however, that the IRS may grant further relief to taxpayers under section 7508A by revenue ruling, revenue procedure, notice, announcement, news release or other guidance published in the Internal Revenue Bulletin, in addition to that relief provided by the proposed regulation.

The proposed regulation demonstrates that although specific tax-related acts may be due on different dates within the postponement period, the acts may be postponed under section 7508A until the last day of the period. Under the proposed regulation, when an affected taxpayer is required to perform a tax-related act by a due date that falls within the postponement period, the taxpayer is entitled to postponement of the act and is eligible for relief from interest, penalties, additional amounts, and additions to tax during the postponement period.

The proposed regulation provides that the postponement period under section 7508A runs concurrently with extensions of time to file or pay, if any, under other sections of the Code. Thus, when the original due date falls within the postponement period, an affected taxpayer has until the last day of the postponement period to file for an extension of time to file or pay, but any resulting extension runs from the original due date.

The proposed regulation also provides that, where the extended due date, but not the original due date, falls within the postponement period, relief under section 7508A is specific to the type of extension received. Thus, an affected taxpayer who received an extension of time to file, but not an extension of time to pay, is eligible for a postponement of time to file and relief from penalties relating to the failure to file. The

taxpayer is not eligible for penalty and interest relief relating to the failure to pay, as the payment due date was not extended.

The regulation also clarifies that a postponement of time under section 7508A to perform a tax-related act does not extend the due date to perform the act, but instead, merely allows the IRS to disregard a time period of up to one year for performance of the act.

#### Proposed Effective Date

The regulation, as proposed, applies to Presidentially declared disasters or terroristic or military actions occurring on or after the date of publication of a Treasury decision adopting these rules as final regulations in the **Federal Register**.

#### Special Analyses

It has been determined that this Treasury decision is not a significant regulatory action as defined in Executive Order 12866. Therefore, a regulatory assessment is not required. It has been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to this regulation. The regulation does not impose a collection of information requirement on small business entities, thus the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Pursuant to section 7805(f) of the Code, this regulation has been submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

#### Comments and Requests for a Public Hearing

Before this proposed regulation is adopted as a final regulation, consideration will be given to any written (a signed original and eight (8) copies) and electronic comments that are submitted timely to the IRS. All comments will be available for public inspection and copying. A public hearing will be scheduled if requested in writing by any person that timely submits comments. If a public hearing is scheduled, notice of the date, time, and place for the public hearing will be published in the **Federal Register**.

#### Drafting Information

The principal authors of this proposed regulation are Melissa Quale and Mary Ellen Keys of the Office of the Associate Chief Counsel (Procedure and Administration).

#### List of Subjects in 26 CFR Part 301

Employment taxes, Estate taxes, Excise taxes, Gift taxes, Income taxes,

Penalties, Reporting and recordkeeping requirements.

#### Amendments to the Regulations

Accordingly, 26 CFR part 301 is proposed to be amended as follows:

#### PART 301—PROCEDURE AND ADMINISTRATION

**Paragraph 1.** The authority citation for part 301 continues to read in part as follows:

**Authority:** 26 U.S.C. 7805 \* \* \*

**Par. 2.** Section 301.7508A–1 is amended by

1. Revising the section heading of paragraphs (b) and (e).
2. Adding paragraph (d)(3).
3. Removing paragraph (f) and redesignating paragraphs (g) and (h) as paragraphs (f) and (g), respectively, and revising them.

The revisions and addition read as follows.

#### § 301.7508A–1 Postponement of certain tax-related deadlines by reasons of a Presidentially declared disaster or terroristic or military action.

\* \* \* \* \*

(b) *Postponed deadlines*—(1) *In general.* In the case of a taxpayer determined by the Secretary to be affected by a Presidentially declared disaster (as defined in section 1033(h)(3)) or a terroristic or military action (as defined in section 692(c)(2)), the Secretary may specify a postponement period (as defined in paragraph (d)(1) of this section) of up to one year that may be disregarded in determining under the internal revenue laws, in respect of any tax liability of the affected taxpayer (as defined in paragraph (d)(1) of this section)—

(i) Whether any or all of the acts described in paragraph (c) of this section were performed within the time prescribed;

(ii) The amount of interest, penalty, additional amount, or addition to the tax; and

(iii) The amount of credit or refund.

(2) *Effect of postponement period.* When an affected taxpayer is required to perform a tax-related act by a due date that falls within the postponement period, the affected taxpayer is eligible for postponement of time to perform the act until the last day of the period. The affected taxpayer is eligible for relief from interest, penalties, additional amounts, or additions to tax during the postponement period.

(3) *Interaction between postponement period and extensions of time to file or pay*—(i) *In general.* The postponement period under section 7508A runs

concurrently with extensions of time to file and pay, if any, under other sections of the Internal Revenue Code.

(ii) *Original due date prior to, but extended due date within, the postponement period.* When the original due date precedes the first day of the postponement period and the extended due date falls within the postponement period, the following rules apply. If an affected taxpayer received an extension of time to file, filing will be timely on or before the last day of the postponement period, and the taxpayer is eligible for relief from penalties or additions to tax related to the failure to file during the postponement period. Similarly, if an affected taxpayer received an extension of time to pay, payment will be timely on or before the last day of the postponement period, and the taxpayer is eligible for relief from interest, penalties, additions to tax and additional amounts related to the failure to pay during the postponement period.

(4) *Due date not extended.* The postponement of the deadline of a tax-related act does not extend the due date for the act, but merely allows the IRS to disregard a time period of up to one year for performance of the act. To the extent that other statutes may rely on the date a return is due to be filed, the postponement period will not change the due date of the return.

(5) *Additional relief.* The rules of this paragraph (b) demonstrate how the IRS generally implements section 7508A. The IRS may determine, however, that additional relief to taxpayers is appropriate and may provide additional relief to the extent allowed under section 7508A. To the extent that the IRS grants additional relief, the IRS will provide specific guidance on the scope of relief in the manner provided in paragraph (e) of this section.

\* \* \* \* \*

(d) \* \* \*

(3) *Postponement period* means the period of time (up to one year) that the IRS postpones deadlines for performing tax-related acts under section 7508A.

(e) *Notice of postponement of certain acts.* If a tax-related deadline is postponed under section 7508A and this section, the IRS will publish a revenue ruling, revenue procedure, notice, announcement, news release, or other guidance in the Internal Revenue Bulletin (see § 601.601(d)(2) of this chapter) describing the acts postponed, the postponement period, and the location of the covered disaster area. Guidance under this paragraph (e) will be published as soon as practicable after the occurrence of a terroristic or military

action or declaration of a Presidentially declared disaster.

(f) *Examples.* The rules of this section are illustrated by the following examples:

*Example 1.* (i) Corporation X, a calendar year taxpayer, has its principal place of business in County M in State W. Pursuant to a timely filed request for extension of time to file, Corporation X's 2005 Form 1120, "U.S. Corporation Income Tax Return," is due on September 15, 2006. Also due on September 15, 2006, is Corporation X's third quarter estimated tax payment for 2006. Corporation X's 2006 third quarter Form 720, "Quarterly Federal Excise Tax Return," and third quarter Form 941, "Employer's Quarterly Federal Tax Return," are due on October 31, 2006. In addition, Corporation X has an employment tax deposit due on September 15, 2006.

(ii) On September 1, 2006, a hurricane strikes County M in State W. On September 6, 2006, the President declares a disaster within the meaning of section 1033(h)(3). Also on September 6, 2006, the IRS determines that County M in State W is a covered disaster area and publishes guidance announcing that the time period for affected taxpayers to file returns, pay taxes and perform other time-sensitive acts falling on or after September 1, 2006, and on or before November 30, 2006, has been postponed to November 30, 2006, pursuant to section 7508A.

(iii) Because Corporation X's principal place of business is in County M, Corporation X is an affected taxpayer. Accordingly, Corporation X's 2005 Form 1120 will be timely if filed on or before November 30, 2006. Corporation X's 2006 third quarter estimated tax payment will be timely if made on or before November 30, 2006. In addition, pursuant to paragraph (c) of this section, Corporation X's 2006 third quarter Form 720 and third quarter Form 941 will be timely if filed on or before November 30, 2006. However, because deposits of taxes are excluded from the scope of paragraph (c) of this section, Corporation X's employment tax deposit is due on September 15, 2006. In addition, Corporation X's deposits relating to the third quarter Form 720 are not postponed. Absent reasonable cause, Corporation X is subject to the failure to deposit penalty under section 6656 and accrual of interest.

*Example 2.* The facts are the same as in *Example 1*, except that because of the severity of the hurricane the IRS determines that postponement of government acts is necessary under these circumstances and publishes guidance accordingly. During 2006, Corporation X's 2002 Form 1120 is being examined by the IRS. Pursuant to a timely filed request for extension of time to file, Corporation X timely filed its 2002 Form 1120 on September 17, 2003 (because March 15, 2003, falls on a Saturday, Corporation X's 2002 Form 1120 was due to be filed on March 17, 2003). Without application of this section, the statute of limitation on assessment for the 2002 income tax year will expire on September 17, 2006. However, pursuant to paragraph (c) of this section,

assessment of tax is one of the government acts for which up to one year may be disregarded. Because September 17, 2006, falls within the period in which government acts are postponed, the statute of limitation on assessment for Corporation X's 2002 income tax will expire on November 30, 2006. Because Corporation X did not timely file an extension to pay, payment of its 2002 income tax was due on March 17, 2003. As such, Corporation X will be subject to the failure to pay penalty and related interest beginning on March 18, 2003. The due date for payment of Corporation X's 2002 income tax preceded the postponement period. Therefore, Corporation X is not entitled to the suspension of interest or penalties during the disaster period with respect to its 2002 income tax liability.

*Example 3.* The facts are the same as in *Example 2*, except that the examination of the 2002 taxable year was completed earlier in 2006, and on July 28, 2006, the IRS mailed a statutory notice of deficiency to Corporation X. Without application of this section, Corporation X has 90 days (or until October 26, 2006) to file a petition with the Tax Court. However, pursuant to paragraph (c) of this section, filing a petition with the Tax Court is one of the taxpayer acts for which a period of up to one year may be disregarded. Because Corporation X is an affected taxpayer, Corporation X's petition to the Tax Court will be timely if filed on or before November 30, 2006, the last day of the postponement period.

*Example 4.* (i) H and W, individual calendar year taxpayers, intend to file a joint Form 1040, "U.S. Individual Income Tax Return," for the 2007 taxable year and are required to file a Schedule H, "Household Employment Taxes." The joint return is due on April 15, 2008. H's and W's principal residence is in County M in State Q.

(ii) On April 2, 2008, a severe ice storm strikes County M. On April 5, 2008, the President declares a disaster within the meaning of section 1033(h)(3). Also on April 5, 2008, the IRS determines that County M in State Q is a covered disaster area and publishes guidance announcing that the time period for affected taxpayers to file returns, pay taxes and perform other time-sensitive acts falling on or after April 2, 2008, and on or before June 2, 2008, has been postponed to June 2, 2008.

(iii) Because H's and W's principal residence is in County M, H and W are affected taxpayers. April 15, 2008, the due date for the filing of H's and W's 2007 Form 1040 and Schedule H, falls within the postponement period described in the IRS published guidance. Thus, H's and W's return will be timely if filed on or before June 2, 2008. If H and W request an extension of time to file under section 6081 on or before June 2, 2008, the extension is deemed to have been filed by April 15, 2008. Thus, H's and W's return will be timely if filed on or before October 15, 2008.

(iv) April 15, 2008, is also the due date for the payment due on the return. This date falls within the postponement period described in the IRS published guidance. Thus, the payment of tax due with the return will be timely if paid on or before June 2,

2008, the last day of the postponement period. If H and W fail to pay the tax due on the 2007 Form 1040 by June 2, 2008, and do not receive an extension of time to pay under section 6161, H and W will be subject to failure to pay penalties and accrual of interest beginning on June 3, 2008.

*Example 5.* (i) H and W, residents of County D in State G, intend to file an amended return to request a refund of 2007 taxes. H and W timely filed their 2007 income tax return on April 15, 2008. Under section 6511(a), H's and W's amended 2007 tax return must be filed on or before April 15, 2011.

(ii) On April 1, 2011, an earthquake strikes County D. On April 5, 2011, the President declares a disaster within the meaning of section 1033(h)(3). Also on April 5, 2011, the IRS determines that County D in State G is a covered disaster area and publishes guidance announcing that the time period for affected taxpayers to file returns, pay taxes and perform other time-sensitive acts falling on or after April 1, 2011, and on or before September 28, 2011, has been postponed to September 28, 2011.

(iii) Under paragraph (c) of this section, filing a claim for refund of tax is one of the taxpayer acts for which up to one year may be disregarded. The postponement period for this disaster begins on April 1, 2011, and ends on September 28, 2011. Accordingly, H's and W's claim for refund for 2007 taxes will be timely if filed on or before September 28, 2011. Moreover, in applying the lookback period in section 6511(b)(2)(A), which limits the amount of the allowable refund, the period from September 28, 2011, back to April 1, 2011, is disregarded under paragraph (b)(1)(C) of this section. Thus, if the claim is filed on or before September 28, 2011, amounts deemed paid on April 15, 2008, under section 6513(b), such as estimated tax and tax withheld from wages, will have been paid within the lookback period of section 6511(b)(2)(A).

*Example 6.* (i) A is an unmarried, calendar year taxpayer whose principal residence is located in County W in State Q. A intends to file a Form 1040 for the 2007 taxable year. The return is due on April 15, 2008. A timely files Form 4868, "Application for Automatic Extension of Time to File U.S. Individual Income Tax Return." Due to A's timely filing of Form 4868, the extended filing deadline for A's 2007 tax return is October 15, 2008. Because A timely requested an extension of time to file, A will not be subject to the failure to file penalty under section 6651(a)(1), if A files the 2007 Form 1040 on or before October 15, 2008. However, A failed to pay the tax due on the return by April 15, 2008, and did not receive an extension of time to pay under section 6161. Absent reasonable cause, A is subject to the failure to pay penalty under section 6651(a)(2) and accrual of interest.

(ii) On September 30, 2008, a blizzard strikes County W. On October 3, 2008, the President declares a disaster within the meaning of section 1033(h)(3). Also on October 3, 2008, the IRS determines that County W in State Q is a covered disaster area and announces that the time period for affected taxpayers to file returns, pay taxes

and perform other time-sensitive acts falling on or after September 30, 2008, and on or before December 2, 2008, has been postponed to December 2, 2008.

(iii) Because A's principal residence is in County W, A is an affected taxpayer. Because October 15, 2008, the extended due date to file A's 2007 Form 1040, falls within the postponement period described in the IRS's published guidance, A's return is timely if filed on or before December 2, 2008. However, the payment due date, April 15, 2008, preceded the postponement period. Thus, A will continue to be subject to failure to pay penalties and accrual of interest during the postponement period.

*Example 7.* (i) H and W, individual calendar year taxpayers, intend to file a joint Form 1040 for the 2007 taxable year. The joint return is due on April 15, 2008. After credits for taxes withheld on wages and estimated tax payments, H and W owe tax for the 2007 taxable year. H's and W's principal residence is in County J in State W.

(ii) On March 1, 2008, severe flooding strikes County J. On March 5, 2008, the President declares a disaster within the meaning of section 1033(h)(3). Also on March 5, 2008, the IRS determines that County J in State W is a covered disaster area and publishes guidance announcing that the time period for affected taxpayers to file returns, pay taxes and perform other time-sensitive acts falling on or after March 1, 2008, and on or before May 30, 2008, has been postponed to May 30, 2008.

(iii) Because H's and W's principal residence is in County J, H and W are affected taxpayers. Pursuant to the IRS's grant of relief under section 7508A, H and W received a postponement of the time to file the joint return and pay the tax due until May 30, 2008. Therefore, H's and W's joint return without extension is timely if filed on or before May 30, 2008. Similarly, H's and W's 2007 income taxes will be timely paid if paid on or before May 30, 2008.

(iv) On April 30, 2008, H and W timely file Form 4868, "Application for Automatic Extension of Time to File U.S. Individual Income Tax Return." H's and W's extension will be deemed to have been filed on April 15, 2008. Thus, H's and W's 2007 income tax return is timely filed if filed on or before October 15, 2008.

(v) H and W did not request or receive an extension of time to pay. Therefore, pursuant to section 7508A, H's and W's 2007 income tax payment is due on May 30, 2008. H and W will be subject to the failure to pay penalty under section 6651(a)(2) and interest if H and W do not pay the tax due on the 2007 joint return on or before May 30, 2008. H and W will be subject to failure to pay penalties and accrual of interest beginning on May 31, 2008.

*Example 8.* The facts are the same as in *Example 7* except that H and W file the joint 2007 return and pay the tax due on June 15, 2008. Later, H and W discover additional deductions that would lower their taxable income for 2007. On June 15, 2011, H and W file a claim for refund under section 6511(a). The amount of H and W's overpayment exceeds the amount of taxes paid on June 15, 2008, the amount paid within three years of

filing the claim. Section 6511(a) requires that a claim for refund be filed within three years from the time the return was filed or two years from the time the tax was paid, whichever period expires later. Section 6511(b)(2)(A) includes within the lookback period the period of an extension of time to file. Thus, payments that H and W made on or after May 30, 2008, would be eligible to be refunded. Since the period from April 15, 2008, to May 30, 2008, is disregarded, payments H and W made on April 15, 2008 (including withholding or estimated tax payments deemed to have been made on April 15, 2008), would also be included in the section 6511(b)(2)(A) lookback period. Thus, H and W are entitled to a full refund in the amount of their overpayment.

(g) *Proposed effective date.* The regulation, as proposed, applies to Presidentially declared disasters or terroristic or military actions occurring on or after the date of publication of the Treasury decision adopting these rules as final regulations in the **Federal Register**.

Linda E. Stiff,

Deputy Commissioner for Services and Enforcement.

[FR Doc. E8-15939 Filed 7-14-08; 8:45 am]

BILLING CODE 4830-01-P

## DEPARTMENT OF THE TREASURY

### Alcohol and Tobacco Tax and Trade Bureau

#### 27 CFR Part 9

[Notice No. 85; Docket No. TTB-2008-0005]

RIN 1513-AB47

#### Proposed Expansion of the Paso Robles Viticultural Area (2008R-073P)

**AGENCY:** Alcohol and Tobacco Tax and Trade Bureau, Treasury.

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** The Alcohol and Tobacco Tax and Trade Bureau proposes to expand by 2,635 acres the existing 609,673-acre Paso Robles American viticultural area in San Luis Obispo County, California. If this change is approved, the expanded Paso Robles viticultural area would continue to lie entirely within San Luis Obispo County and within the multi-county Central Coast viticultural area. We designate viticultural areas to allow vintners to better describe the origin of their wines and to allow consumers to better identify wines they may purchase. We invite comments on this proposed change to our regulations.

**DATES:** We must receive written comments on or before September 15, 2008.

**ADDRESSES:** You may send comments to one of the following addresses:

- <http://www.regulations.gov> (via the online comment form for this notice as posted within Docket No. TTB-2008-0005 at "Regulations.gov," the Federal e-rulemaking portal); or

- Director, Regulations and Rulings Division, Alcohol and Tobacco Tax and Trade Bureau, P.O. Box 14412, Washington, DC 20044-4412.

See the Public Participation section of this notice for specific instructions and requirements for submitting comments, and for information on how to request a public hearing.

You may view copies of this notice, selected supporting materials, and any comments we receive about this proposal at <http://www.regulations.gov> within Docket No. TTB-2008-0005. A link to that docket is posted on the TTB Web site at [http://www.ttb.gov/wine/wine\\_rulemaking.shtml](http://www.ttb.gov/wine/wine_rulemaking.shtml) under Notice No. 85. You also may view copies of this notice, all related petitions, maps or other supporting materials, and any comments we receive about this proposal by appointment at the TTB Information Resource Center, 1310 G Street, NW., Washington, DC 20220. Please call 202-927-2400 to make an appointment.

**FOR FURTHER INFORMATION CONTACT:** N.A. Sutton, Regulations and Rulings Division, Alcohol and Tobacco Tax and Trade Bureau, 925 Lakeville St., No. 158, Petaluma, CA 94952; phone 415-271-1254.

#### SUPPLEMENTARY INFORMATION:

##### Background on Viticultural Areas

##### TTB Authority

Section 105(e) of the Federal Alcohol Administration Act (FAA Act), 27 U.S.C. 205(e), authorizes the Secretary of the Treasury to prescribe regulations for the labeling of wine, distilled spirits, and malt beverages. The FAA Act provides that these regulations should, among other things, prohibit consumer deception and the use of misleading statements on labels, and ensure that labels provide the consumer with adequate information as to the identity and quality of the product. The Alcohol and Tobacco Tax and Trade Bureau (TTB) administers the regulations promulgated under the FAA Act.

Part 4 of the TTB regulations (27 CFR part 4) allows the establishment of definitive viticultural areas and the use of their names as appellations of origin on wine labels and in wine advertisements. Part 9 of the TTB regulations (27 CFR part 9) contains the list of approved American viticultural areas.