



# 7

## Denatured Alcohol



## 7 DENATURED ALCOHOL

### Law affecting denatured alcohol

Section 77 of the Alcoholic Liquor Duties Act 1979 gives HM Revenue and Customs the power to make regulations laying down requirements for the manufacture, supply and use of denatured alcohol. Section 78 of the Act prescribes penalties for offences in connection with denatured alcohol. The requirements are set out in the Denatured Alcohol Regulations 2005 (SI No. 1524) which revoked the Methylated Spirits Regulations 1987 and The Iso-Propyl Alcohol Regulations 1927 and further implements Articles 27 (l)(a) and (b) of Council Directive 92/83/EEC.

The Denatured Alcohol Regulations 2005 cover the whole of the United Kingdom.

Further information on denatured alcohol can be found in HM Revenue and Customs Reference Notice 473 (November 2009) Production, Distribution and Use of Denatured Alcohol. This is available at <http://customs.hmrc.gov.uk>  
This notice cancels and replaces Notice 473 (July 2005). Update 1 (June 2006) and Update 2 (August 2008) have now been incorporated within this notice.

### 7.1 TYPE OF DENATURED ALCOHOL

There are three types of denatured alcohol: completely denatured alcohol; industrial denatured alcohol; and trade specific denatured alcohol, although most pharmacists will deal only with the first two.

#### **(a) Completely denatured alcohol (CDA) (Formerly known as Mineralised Methylated Spirits - MMS)**

Completely denatured alcohol is a mixture of 90 parts by volume of alcohol, 9.5 parts by volume of wood naphtha or a substitute for wood naphtha and 0.5 parts by volume of crude pyridine, to each 1000 litres of the mixture of which is added 3.75 litres mineral naphtha (petroleum oil) and 1.5g of synthetic organic dyestuff (methyl violet). CDA is suitable for heating, lighting, cleaning and general domestic use. Pharmacists can obtain CDA from wholesalers in any quantity. A full list of formulations of CDA used in EU Member States can be found in HMRC Reference Notice 473 (Nov 2009), which is available from the HM Revenue and Customs Helpline on 0845 010 9000.

**(b) Industrial denatured alcohol (IDA)  
(Formerly known as Industrial Methylated Spirits - IMS)**

IDA consists of 95 parts by volume of alcohol and 5 parts by volume of wood naphtha, or a substitute for wood naphtha. Where a substitute for wood naphtha is used, the volume mixed with every 95 parts of alcohol may be less than 5 parts depending on: (a) the proportion of the marker in the resulting mixture, and (b) the resulting mixture contains the other substances that the Commissioners approved when they approved the substitute for wood naphtha in the proportions that they specify.

IDA is usually approved for use in industrial, scientific and external medical applications. A full list of authorised uses can be found in HMRC Reference Notice 473 (Nov 2009), which is available from the HMRC Helpline on 0845 010 9000. To use IDA in a way not on the approved list, the National Registration Unit should be contacted with the details of the proposed use. They may approve its use as an alternative.

**(c) Trade specific denatured alcohol (TSDA)  
(Formerly known as Denatured Ethanol B - DEB)**

There is a list of formulations of, and uses for, TSDA, which have been approved by the Commissioners of HM Revenue and Customs. The current list can be found in Section 18 of Reference Notice 473.

## **7.2 APPLICATION FOR AUTHORITY TO RECEIVE IDA OR TSDA**

An application has to be made to HM Revenue and Customs National Registration Unit (NRU) to obtain authority to receive IDA or TSDA. The form can be found at the back of HM Revenue and Customs Reference Notice 473 (November 2009)

IDA and TSDA may be obtained only by persons specifically authorised by HM Revenue and Customs to receive it. Users must furnish the pharmacist (supplier) with a copy of the authorisation before they may receive IDA or TSDA. These statements are valid indefinitely, but the supplier must notify HM Revenue and Customs of any changes to its use or formulation.

However, medical and veterinary practitioners can obtain IDA from any pharmacist, authorised by HM Revenue and Customs to receive, against a written order or prescription without being authorised.

## 7.3 SUPPLY OF DENATURED ALCOHOL BY AUTHORISED USERS

Authorised users may supply denatured alcohol or articles containing denatured alcohol as follows:

### CDA

England, Wales and Northern Ireland There are no restrictions on the quantity of CDA that can be supplied. There are also no conditions on its use.

CDA may be received free of duty if the denatured alcohol made in a Member State is in accordance with a formulation of that Member State, or it is made nearly as possible in accordance with the UK CDA formulation or a CDA formulation of another Member State. The acceptability of the formulation should be checked with the HMRC Helpline (See Reference Notice 473 (Nov 2009)). CDA may be imported directly to your premises from a Member State if the CDA is denatured in accordance with a CDA formulation of a Member State, otherwise it has to be consigned to an excise warehouse with the relevant approval to hold such goods.

### IDA and TSDA

IDA and TSDA can only be supplied to other producers or distributors who are authorised by HM Revenue and Customs as users. The pharmacist must hold a copy of that user's authorisation to receive and use IDA/TSDA and must not supply it for any other use. The authorisation may cover any number of consignments of IDA or TSDA supplied. Supply of IDA or TSDA must not be made without holding a copy of the user's authorisation or for a use that is not included in the user's authorisation. Any authorised pharmacist may supply IDA to a medical or veterinary practitioner against a written order or prescription without being authorised.

An authorised user may supply IDA/TSDA in quantities of less than 20 litres at any one time to another authorised user provided the supplier's authority does not specifically restrict this.

Only licensed, or authorised producers or distributors are permitted to supply denatured alcohol in quantities of greater than 20 litres (wholesale quantities).

### Supply of IDA by a pharmacist

Users must furnish the pharmacist (supplier) with a copy of the authorisation before they may receive IDA.

A copy of the person's authorisation to receive and use denatured alcohol is not needed, however, when a pharmacist supplies IDA for medical use on a

prescription or order of a medical or veterinary practitioner. There is no limit to the amount of denatured alcohol that can be supplied on an order. An "order" is a request to be supplied with a specific quantity of denatured alcohol. There is no set format for an order, but should include the quantity and class of denatured alcohol required.

The definitions for the above section are:

- "Pharmacist" has the meaning given in section 132(1) of the Medicines Act 1968;
- "Medical or veterinary practitioner" means a person entitled by law to provide medical or veterinary services in the United Kingdom (HM Revenue and Customs have confirmed that this does include a dentist, nurse and chiropodist);
- "Medical use" means any medical, veterinary, surgical or dental purpose other than administration internally.

### **Do I need "make entry" of premises?**

If stocks of denatured alcohol are held by the pharmacist, an entry of the premises will need to be made before beginning to hold denatured alcohol (unless the premises are approved as an excise warehouse). To do this, Form EX 103 for a sole trader or partnership, or Form EX 103A for an incorporated company, should be completed. Each continuation sheet to the EX 103(A) must be signed and dated. To obtain copies of these forms or help in completing them, the HM Revenue and Customs Helpline should be contacted. Forms are also available at [www.hmrc.gov.uk](http://www.hmrc.gov.uk).

## **7.4 CONDITIONS OF USE OF IDA AND TSDA**

The authority to receive denatured alcohol states what is authorised to be received, what it can be used for and the conditions that must be observed. The authority will be reviewed from time to time and the conditions may be varied or the authorisation revoked. The user must notify the National Registration Unit of any changes and may not receive any further supplies of IDA or TSDA until the National Registration Unit has been notified.

The main conditions are:

- (a) Storage All stocks of IDA and TSDA must be kept under lock and key and under the pharmacist's control or that of a responsible person appointed by him.
- (b) Use IDA and TSDA can be used only as set out in the letter of authority and all conditions must be complied with.
- (c) Supply Suppliers can only distribute the formulations of denatured alcohol that are approved in the UK. For supply, the following must be kept for inspection by the local HM Revenue and Customs officer:

- i. written statements from authorised users;
  - ii. written signed orders from medical practitioners. These records are required for a supply made against a prescription.
- (d) Closing or transfer of business If the business is discontinued while holding stocks of denatured alcohol, the authority to hold stocks of denatured alcohol is revoked and the HMRC Helpline should be contacted to arrange how the stocks must be disposed of and within what time period. Once all stocks are disposed of, the National Registration Unit must be contacted to cancel the authorisation. If the discontinuation of the business is caused by the death of a producer or distributor or other person, their personal representative must contact the Helpline.

## Records

Authorised persons must keep and preserve records relating to their use of denatured alcohol as specified by the Commissioners, and must also comply with any conditions or restrictions imposed by them.

On receipt of IDA or TSDA the following must be kept:  
a record of the amount of denatured alcohol received; and  
one copy of the supplier's dispatch document signed as a receipt and returned to the supplier, and the other copy retained on the premises for records. These will need to be shown to the HM Revenue and Customs officer when the premises are visited.

## Distribution

For a pharmacist to be considered a distributor, the following criteria would need to be met:

- (a) holds an excise licence for the purpose of Section 75 of the Act;
- (b) does not denature alcohol at any premises on which denatured alcohol is kept;
- (c) deals or intends to deal wholesale in denatured alcohol.

Only the denatured alcohols which are detailed on the licence may be distributed.

Further details can be found in Reference Notice 473.

## Specific record keeping requirements for producers/ distributors

Under the Denatured Alcohol Regulations 2005, there is a requirement to keep records which show the following information:

- (i) purchases of any alcohol, denaturants and other materials used in the production of denatured alcohol;
- (ii) imports of denatured alcohol, including details of the country of origin;
- (iii) the class of denatured alcohol held in containers, that is whether it is CDA, IDA or TSDA;

- (iv) quantities of alcohols, denaturants, markers, dyes and denatured alcohol held and used on your premises;
- (v) the results of stocktakes and action taken to investigate deficiencies and surpluses identified by those stocktakes;
- (vi) exports and sales of denatured alcohol;
- (vii) copy authorisations received in support of orders for denatured alcohols.

### **Specific record keeping requirements for users**

Under the Denatured Alcohol Regulations 2005, there is a requirement to keep records which show the following information:

- (i) purchases of IDA or TSDA;
- (ii) imports of IDA or TSDA, including details of the country of origin;
- (iii) the class of denatured alcohol held in containers, whether it is IDA or TSDA;
- (iv) quantities of IDA or TSDA held and used on the premises;
- (v) the results of stocktakes and action taken to investigate deficiencies and surpluses identified by those stocktakes;
- (vi) sales of IDA or TSDA to other authorised users;
- (vii) copy authorisations received in support of supplies of IDA or TSDA.

HM Revenue and Customs will visit from time to time to inspect the premises and examine any denatured alcohol on the premises.

**Penalties** are liable and the authorisation may be withdrawn if there are unexplained losses of denatured alcohol if:

- (a) as a distributor supplies have been made to users without receiving a copy of the authorisations, or
- (b) supplies have been made to persons who are not authorised users, or
- (c) as a user the denatured alcohol has not been used in accordance with its authorised use.

Some EU countries may require a certificate of denaturing for cosmetics or toiletries which are exported to them. The HMRC Helpline should be contacted for more details.

### **Surplus/deficiency in stocks of denatured alcohol as a distributor**

Any surplus or deficiency would have to be investigated and the reasons recorded for the deficiency/surplus in the business records and the Helpline notified immediately. A demand may be issued to pay the duty on the alcohol in the missing amount.

## **Surplus/deficiency in stocks of denatured alcohol as a user**

Any surplus or deficiency would have to be investigated and the reasons recorded for the deficiency/surplus in the business records and the Helpline notified immediately. If the denatured alcohol cannot be accounted for and has been supplied to an unauthorised user, or for an unauthorised purpose, a demand may be issued to pay the duty on the alcohol in the missing amount.

## **Review and Appeal Procedures**

When HMRC make a decision that can be appealed, that information will be conveyed and a review offered. The decision will be explained and information given as to action to be taken if there is disagreement. Examples include; (a) the amount of an assessment, (b) the issue of a civil penalty, (c) a decision specifically connected to the relevant duty.

There will usually be 3 options. Within 30 days:

- (i) new information or arguments can be sent to the officer concerned
- (ii) the case can be reviewed by a different officer
- (iii) the case can be heard by an independent tribunal after a written request to the Tribunals Service.

Further information is available in Reference Notice 473

## **Contacts**

HM Revenue and Customs  
Helpline  
0845 010 9000  
8am to 8pm Monday to Friday

HM Revenue and Customs  
National Registration Unit  
Portcullis House  
21 India Street  
Glasgow  
G2 4PZ

Tribunals Service  
0845 223 8080

e-mail enquiries  
[intenquiries@hmrc.gov.uk](mailto:intenquiries@hmrc.gov.uk)

website  
[www.hmrc.gov.uk](http://www.hmrc.gov.uk)

## 7.5 ISOPROPYL ALCOHOL

Isopropyl alcohol 70% (which is isopropyl alcohol diluted down with water) is not a denatured alcohol and is not covered by the Denatured Alcohol Regulations 2005. Therefore, there is no requirement to be authorised by HM Revenue and Customs to receive or supply isopropyl alcohol 70%.

## 7.6 ETHER (ETHYL ETHER)

Ether does not come under the Denatured Alcohol Regulations.

## 7.7 DUTY FREE SPIRITS (DFS)

Duty free spirits cannot be used for general cleaning and other purposes. Duty free spirits are not permitted to be used for making for sale any product which contains spirits (other than, subject to special conditions, ethyl esters and ethyl ethers); or use any beverage, food-stuff, flavouring, essence or cosmetic preparation.

There is no definitive list of allowable medicinal uses of DFS. HM Revenue and Customs would consider each case on its own merits, however the general medical applications and uses for which DFS will be allowed include:

- (i) for the production of recognised medical products, drugs and pharmaceuticals (whether or not the final product contains spirits) including veterinary products including DFS to be used in the manufacture of any product (including herbal or homeopathic) which has a Medicines and Healthcare Regulatory Agency (MHRA) product licence;
- (ii) herbal or homeopathic remedies which do not have an MHRA licence. They must be recognised by HMRC as having medicinal properties;
- (iii) the manufacture of intermediate products used exclusively for the production of medical products (as above);
- (iv) for use in hospitals, and, where applicable, dental and veterinary surgeries for specific uses.

DFS can be used in the manufacture of any product prescribed by a doctor to be made by a pharmacist. This includes 'specials' which may be made up on behalf of a pharmacist and which may not have an MHRA licence.

A pharmacist would have to apply for authorisation to obtain and use duty free spirits. Further details can be obtained from HMRC Reference Notice 47 (November 2009) "Duty Free Spirits: Use in Manufacture or for Medical or Scientific Purposes"

The application for authority to receive duty free spirits (Form EX 240) is available from HMRC Helpline or at [www.hmrc.gov.uk](http://www.hmrc.gov.uk).

