



# **Winemaking: Amateur to Commercial**

**Vickie Brennan, Investigator**  
**Trade Investigations Division**  
**Alcohol & Tobacco Tax & Trade Bureau (TTB)**<sup>1</sup>

# Alcohol & Tobacco Tax & Trade Bureau (TTB)

- **Created by the Homeland Security Act of 2002, effective January 24, 2003**
- **TTB remains in Treasury Department**
  - Five District Field Offices nationwide, plus Washington DC Headquarters and Cincinnati, Ohio National Revenue Center
- **ATF moved to Justice Department**



# TTB's Primary Responsibilities

- **Qualification** of producers/importers/distributors of alcohol and tobacco products through issuance of required permits
- **Collection** of excise taxes related to alcohol, tobacco, and firearms and ammunition
- **Ensure Compliance** with laws and regulations through:
  - *Revenue investigations and audits (Protect the Revenue)*
  - *Product integrity investigations (Protect the Consumer)*
  - *Trade practice investigations*



# Laws and Regulations

## ➤ Internal Revenue Code: 26 U.S.C.

- *27 CFR Part 19 – Distilled Spirits Regulations*
- *27 CFR Part 24 – Wine Regulations*
- *27 CFR Part 25 – Beer Regulations*

## ➤ Federal Alcohol Administration Act: 27 U.S.C.

- *27 CFR Part 1 – Permits*
- *27 CFR Part 4 – Labeling & Advertising of Wine*
- *27 CFR Part 5 – Labeling & Advertising of Distilled Spirits*
- *27 CFR Part 7 – Labeling & Advertising of Malt Beverages*



# Laws and Regulations

## (Continued)

### ➤ **Alcoholic Beverage Labeling Act (ABLA):**

- *27 U.S.C. 213 - 219a*
- *Implementing regulations 27 CFR part 16*
- *Requires health warning statement*
- *Applies to all alcoholic beverages (including cider and perry products) with 0.5% alcohol by volume or more-- even to products that are not subject to FAA Act labeling requirements!*



# Types of Federal Permits

- **Alcohol Producers and Manufacturers**
  - *Qualification of a Brewery*
  - *Distilled Spirits Plant (DSP)*
  - *Bonded Winery, Bonded Wine Cellar, Taxpaid Wine Bottling House*
- **Alcohol Importers and Wholesalers (Exporters)**
- **Alcohol Users and Dealers**
  - *Specially Denatured Alcohol and Tax Free Alcohol Users*
- **Tobacco Manufacturers, Importers and Exporters**



# Applying to Operate a Winery?

## *(What to Expect)*

- Visit TTB's website, [TTB.gov](http://TTB.gov) for information relating to starting a business
- Apply for approval electronically through Permits Online
- **Must have suitable premises** – *Provide description and diagram*



# Applying to Operate a Winery?

## *(What to Expect - continued)*

- **Must provide a surety or cash bond** – *If annual (calendar year) tax liability is anticipated to be \$50,000 or more*
- **Application is assigned to a specialist who will contact you** if additional information is needed to process the application
- **Application may be referred to a TTB investigator** to conduct a field investigation prior to issuing the permit



# You're Approved!!! Now What???

**RECORDS?!?!  
27 CFR 24.300-24.323**

*Label Approval? - oh yeah...*

*(More?) Paperwork*

**Taxes\$\$\$ (Really?)**

*Beer Alcohol Tests... Absolutely!*

**Tax Return - Yeah! 😊**

**Reports? You bet!!!**

**27 CFR 24.300**

<https://www.ttb.gov/business-central/requirements-wine.shtml>



# Records for Every Operation!



# What Records Must be Maintained?

*27 CFR 24.300 – 24.323*

## ➤ **Receipt of materials and production:**

- Weigh tags, receipts in bond
- Date of receipt, quantity, from whom, date of use or other disposition
- Must contain information that supports eventual label statements

## ➤ **Storage and cellar treatment:**

- Alcohol tests
- Blend and treatment information, including tank movements, barreling, etc.
- Topping records

## ➤ **Bottling and packing:**

- Summary record maintained by tax class
- Documents the volume received, bottled, removed
- Certificate of Label Approval (COLA) serial numbers
- Results of fill and alcohol tests



# What Records Must be Maintained?

*(continued)*

## ➤ **Removals:**

- Taxpaid removals from bond (date of removal, name/address, volume, kind of wine, alcohol content) must be summarized daily to the nearest tenth of a gallon
- Untaxpaid removals (transfers in bond, exports, family use, testing, tasting on premises, etc.)

## ➤ **Inventory:** Complete annual physical inventory – Must include:

- Description of wine
- Volume of bulk and bottled wine, totaled separately by tax class
- Results reported on TTB F 5120.17 only when a complete inventory is taken
- Dated, signed by person with signature authority, under penalty of perjury
- Maintained at wine premises

## ➤ **Report of Wine Premises Operations:**

- Filed monthly, quarterly, or annually
- Summarizes production, receipts and removals for the reporting period <sup>12</sup>



# Federal Excise Tax Rates

27 CFR 24.270

<b>Wine:</b> 14% Alcohol or less	<b>\$1.07*</b> per wine gallon
Over 14% to 21%	<b>\$1.57*</b> per wine gallon
Over 21% to 24%	<b>\$3.15*</b> per wine gallon
Naturally Sparkling	<b>\$3.40</b> per wine gallon
Artificially Carbonated	<b>\$3.30*</b> per wine gallon
Hard Cider	<b>\$0.226*</b> per wine gallon

\*Small Domestic Producer Tax Credit, if eligible per 27 CFR 24.278. Naturally Sparkling wine is not eligible for the tax credit.



# Tax Credit for Certain Small Domestic Producers

27 CFR 24.278-24.279

- \$0.90 credit per gallon, or \$0.056 per gallon for hard cider, may be available for the first 100,000 gallons removed by a small winery producing not more than 150,000 wine gallons per year.
- Decreasing credit rates for a winery producing more than 150,000 wine gallons up to 250,000 wine gallons per year, on the first 100,000 gallons removed by the small winery.
- A new winery is not entitled to this credit during their first year of commercial operations on removals until production is performed
- Tax credit *may* be transferred to another taxpayer *under certain circumstances*:
  - If the transferring (sending) winery would be eligible to use the credit if it paid the tax itself
  - If the transferring winery produced the wine (any portion of the wine not produced by the transferring winery is not eligible for transfer of the credit)
  - If the transferring winery holds title to the wine and
  - If the transferring winery provides the taxpayer (transferee) required and sufficient information to pay the tax correctly using the credit



# Federal Excise Tax Periods and Due Dates

27 CFR 24.271

## Tax Periods:

1st – 15th of the month  
16th – end of the month  
Quarterly tax period = 3 calendar months  
Annual tax period = calendar year  
September has three tax periods

## Due Dates:

14 days after close of tax period  
Saturday, Sunday, Holiday rule  
Quarterly return: 14 days after  
close of quarter  
Annual return: 14 days after close  
of year

*No tax return filed if no taxes due!*

<https://www.ttb.gov/business-central/requirements-wine.shtml>

15

TTB PT-2017-01



# Labeling Requirements and Approval

27 CFR 24.257 - 24.258

27 CFR 4.30 - 4.39

27 CFR 4.50

Beverage Wine Products must have a Certificate of Label Approval (or a Certificate of Exemption) *prior to* bottling and removing from bonded premises for consumption or sale.

- ***Form 5100.31 – Application for and Certification/Exemption of Label/Bottle Approval***
- ***May be **filed electronically** through [COLAs Online](#)***



# Formula Approval

27 CFR 24.80-24.82

Certain products require that a formula be submitted and approved prior to production

**Example:** *special natural wine, agricultural wine, most other than standard wines, nonbeverage wines, etc.*

- **Form 5100.51 – Formula and Process for Domestic and Imported Alcohol Beverages**
- May be **filed electronically** through [Formulas Online](#)



# Types of TTB Investigations

- **Product Integrity (Consumer Protection):** *Label, advertising, and formula compliance; standards of identity*
- **Revenue (Tax Compliance):** *Excise tax liabilities and payments; premises suitability; production standards*
- **Trade Practice:** *Level playing field; no unfair advantage for any industry member or group*



# What Do We Look For?

- **Product Integrity (Consumer Protection):** *Required records, supporting documentation for label claims, standards of identity*
- **Revenue (Tax Compliance):** *Required records, supporting documentation for excise tax return information and payments, supporting documentation for exports, timely filing of reports and returns, security of premises, bond coverage*
- **Trade Practice:** *Influence over industry members through tied-house, exclusive outlet, commercial bribery, consignment sales*



# Compliance Concerns

- Production prior to TTB and state qualification
- Wineries that allow people to use their equipment and facilities to make their own brands
- Not recording production of custom crush
- Home winemaking operations on bonded wine premises
- Unreported changes (in ownership, use of premises, etc.)
- Recordkeeping, inventories, reporting (late filed reports, lack of cellar records, no annual inventory on file, forms signed by someone who does not have signing authority)



# Compliance Concerns

## ➤ Labeling

- Wine bottled before obtaining COLA
- Insufficient support for optional label statements
- Alcohol content misstated on label

## ➤ Taxes

- Late filed returns
- Taxes paid do not match taxable removals shown on Form TTB F 5120.17
- Incorrect use of Small Producer Credit
- Insufficient support for untaxpaid removals



# Contact Information & Resources

Website: [TTB.gov](http://TTB.gov)

➤ **For Permit Applications and Tax Filings:**

**National Revenue Center**

Alcohol and Tobacco Tax and Trade Bureau

National Revenue Center

550 Main Street, Suite 8002

Cincinnati, OH 45202

Customer Service Desk: 877-882-3277

(8 a.m. – 5 p.m. EST)

Contact Us: <https://www.ttb.gov/about/contact.shtml>

➤ **Alcohol Labeling and Formulation Division:**

Alcohol and Tobacco Tax and Trade Bureau

Alcohol Labeling and Formulation Division

1310 G Street, NW, Box 12

Washington, DC 20005

Customer Service Desk: 866-927-2533 or 202-453-2250

(8 a.m. – 5 p.m. EST)

Contact Us: <https://www.ttb.gov/about/contact.shtml>

**To file Reports and Returns Online, please visit**

[https://www.ttb.gov/payment/enrolling\\_instructions.shtml](https://www.ttb.gov/payment/enrolling_instructions.shtml)

**To receive TTB Newsletter or email alerts for public information:**

<https://www.ttb.gov/news/gov-delivery.shtml>



## Contact the Alcohol and Tobacco Tax and Trade Bureau (TTB)

Questions? If you have general questions relating to our policies, programs, regulated commodities, or procedures, please visit [Frequently Asked Questions](#). See the **Commodity Experts** links below and other information for direct contacts.

### TTB Commodity Experts

- [Contact a Distilled Spirits Expert](#)
- [Contact a Wine Expert](#)
- [Contact a Firearms and Ammunition Excise Tax Expert](#)
- [Contact a Beer Expert](#)
- [Contact Other \(Non-Beverage\) Alcohol Expert](#)
- [Contact a Tobacco Expert](#)

[Back to Top](#)

### Popular Topics Contacts

- [Permit Application, Bonds, Forms, and Taxes](#)
- [Submitting Excise Tax Payments by Mail](#)
- [TTB Online Applications](#)
- [Advertising, Label and Formulas Approval](#)
- [State Alcohol Beverage Control Boards](#)
- [Trade Investigations](#)
- [Laws, Regulations, and Public Guidance](#)
- [Importing/Exporting](#)
- [TTB Laboratory Services and Chemist Certification](#)
- [About TTB](#)

[Back to Top](#)

### General Contacts

- [Contracting Opportunities](#)
- [Contact TTB by Mail](#)
- [Press Inquiries](#)
- [TTB Tip Line](#)
- [TTB Online Help Center](#)
- [Find a TTB Field Office](#)

### Related Information

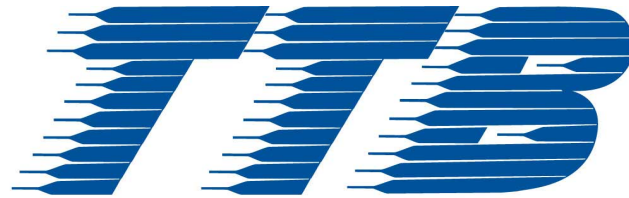
- [About TTB](#)
- [Meet the Administrator](#)
- [TTB Plans and Reports](#)
- [News and Events](#)
- [Submit Feedback](#)
- [Contact Us by Mail](#)

### Tools & Guides

- [Getting Started in a TTB-Regulated Industry](#)
- [Maintaining Compliance in a TTB-Regulated Business](#)
- [Laws, Regulations, and Public Guidance](#)
- [TTB Glossary](#)

<https://www.ttb.gov/about/contact.shtml>





*A proud past....A focused future*

# Thank you!

*Vickie Brennan*

513-684-2473 (Office)

202-997-7344 (Cell)

[Vickie.Brennan@ttb.gov](mailto:Vickie.Brennan@ttb.gov)



*This information is being presented to help the public in understanding and complying with the laws and regulations that the Alcohol and Tobacco Tax and Trade Bureau administers. It is not intended to establish any new, or change any existing, definitions, interpretations, standards, or procedures regarding those laws and regulations.*

