TTB Boot Camp for Wineries

THE BASICS: TTB AND FEDERAL WINE LAWS

TTB Disclaimer

Notice:

- This information is being presented to help the public to understand and comply 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
- In addition, this presentation may be made obsolete by changes in laws and regulations - please consult the regulations for the most current regulatory requirements
- Sample documents (such as records, returns, and labels) are for illustrative purposes only and contain fictitious data

Agenda

In this introductory session we will cover:

- Overview of TTB
  - Organization
  - Contact information
  - Common touchpoints
- Federal legal overview:
  - Internal Revenue Code
  - Federal Alcohol Administration Act
  - Alcohol Beverage Labeling Act

TTB Overview

TTB Overview

- Bureau within the Department of the Treasury
- Approximately 500 employees
- Headquarters Operations in Washington, DC
- Permitting and Taxation (National Revenue Center) in Cincinnati, Ohio
- 6 districts with auditors and investigators located across the country
- 3 laboratories at the National Laboratory in Maryland

TTB Mission

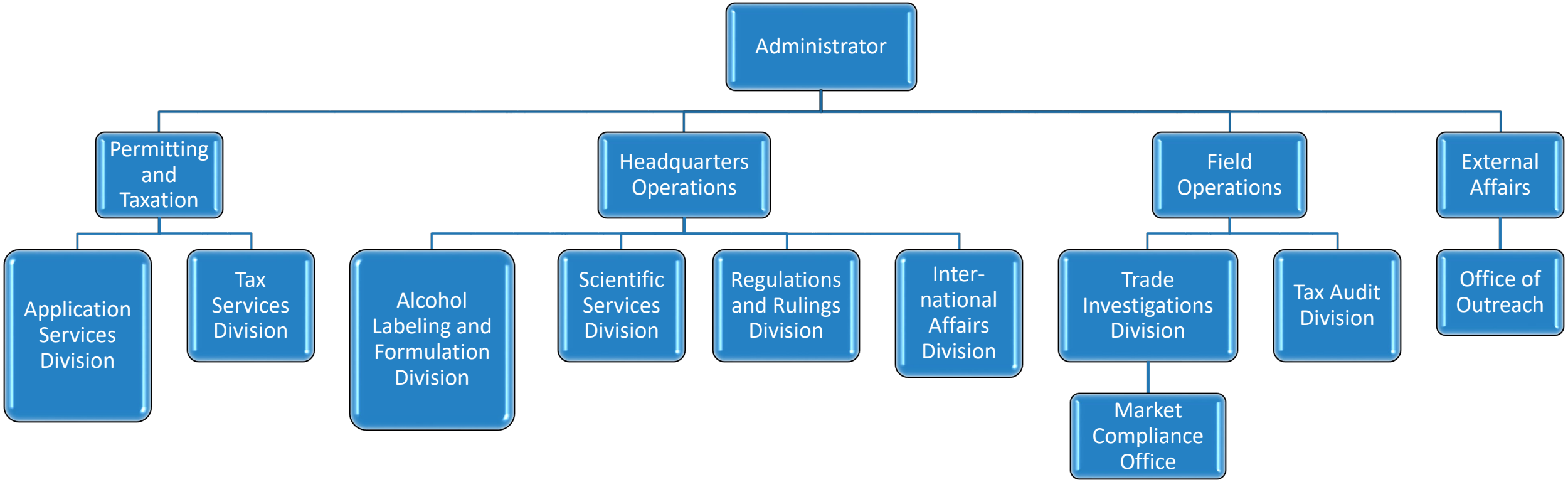
COLLECT the taxes on alcohol, tobacco, firearms, and ammunition

PROTECT the consumer by ensuring the integrity of alcohol products

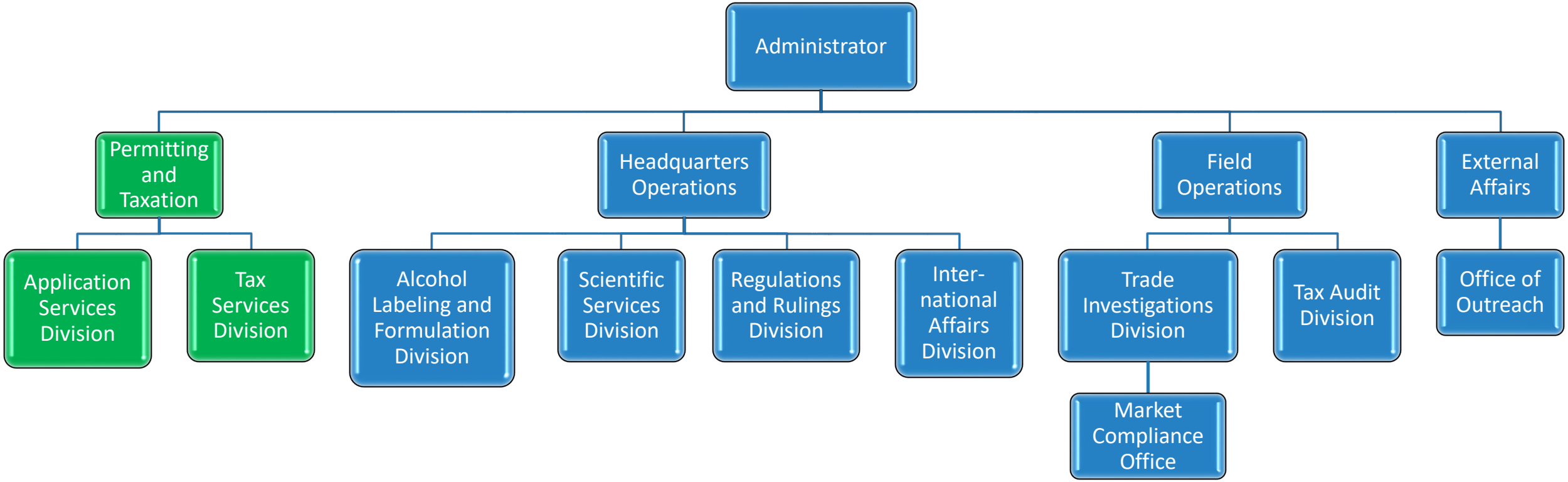
ENSURE only qualified businesses enter the alcohol and tobacco industries

PREVENT unfair and unlawful market activity for alcohol and tobacco products

TTB Organizational Chart



TTB Organizational Chart



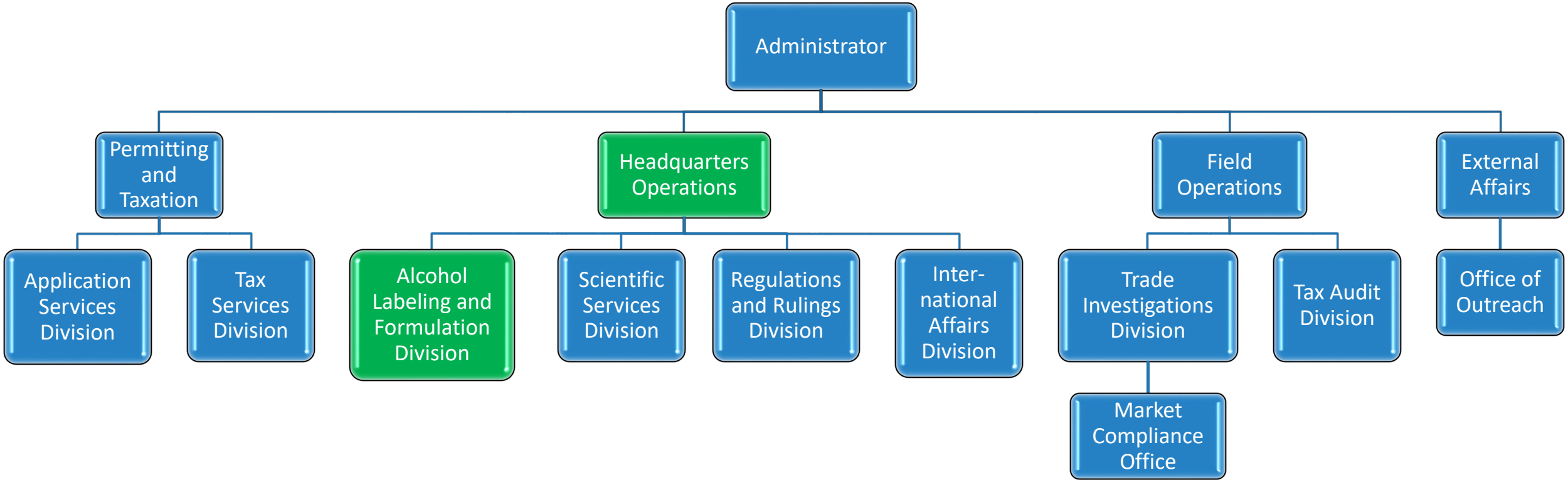
Permitting and Taxation
National Revenue Center

Application Services Division: Issues permits/notices/registrations

Tax Services Division: Processes tax returns, operational reports, and claims

- Located in Cincinnati, Ohio
- Toll-Free: 877-882-3277
- Web Form: Submit Online Inquiry

TTB Organizational Chart



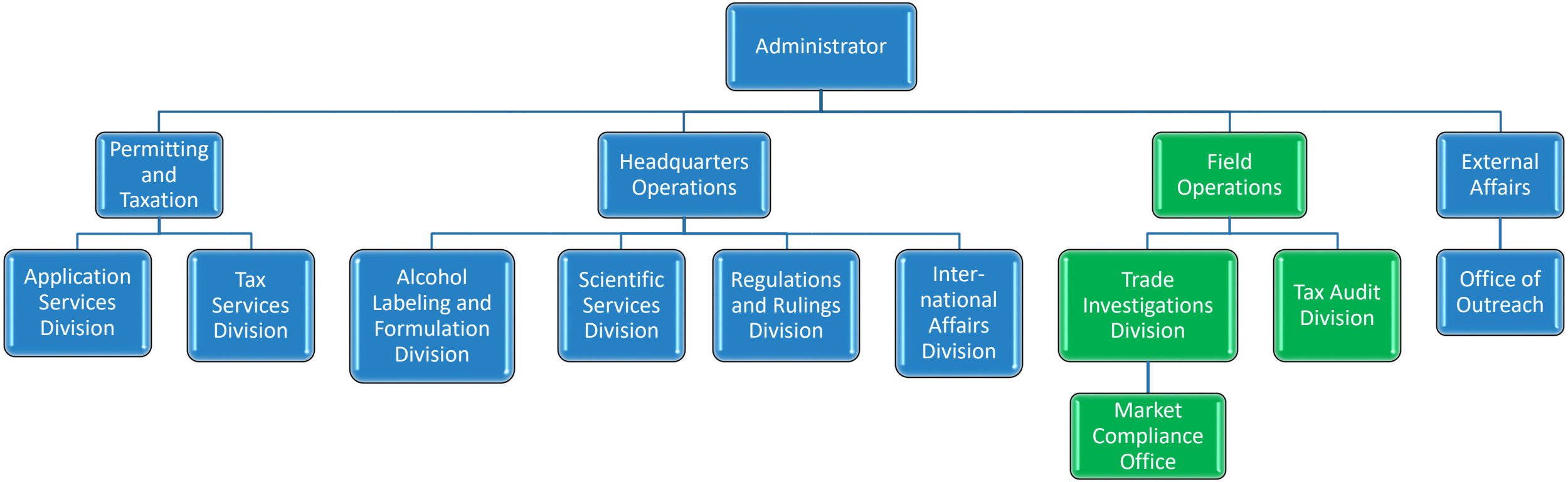
Headquarters Operations

Alcohol Labeling and Formulation Division:

- Processes applications for formulas
- Processes applications for label approval

- Located in Washington, DC
- Toll-Free: 866-927-2533
- Web Form: Submit Online Inquiry

TTB Organizational Chart



Field Operations: TID

Trade Investigations Division (TID): Ensures industry compliance with the laws and regulations TTB administers through education and investigations in 6 Districts*

Western I District Office: 513-684-2481	**Northeast District Office: 202-453-3144**
Western II District Office: 513-684-2491	**Southeast District Office: 202-453-3117**
Mountain District Office: 513-684-2730	**Puerto Rico District Office: 202-453-3164**

*See color-coded District map on next slide

TRADE INVESTIGATIONS DIVISION

Field Operations: TAD

Tax Audit Division (TAD): Ensures the proper payment of excise taxes and compliance with laws and regulations in a manner that protects the revenue and prevents unlawful activity through audits

- Toll free: 877-882-3277
- National Revenue Center Contact Us Form

Field Operations: MCO

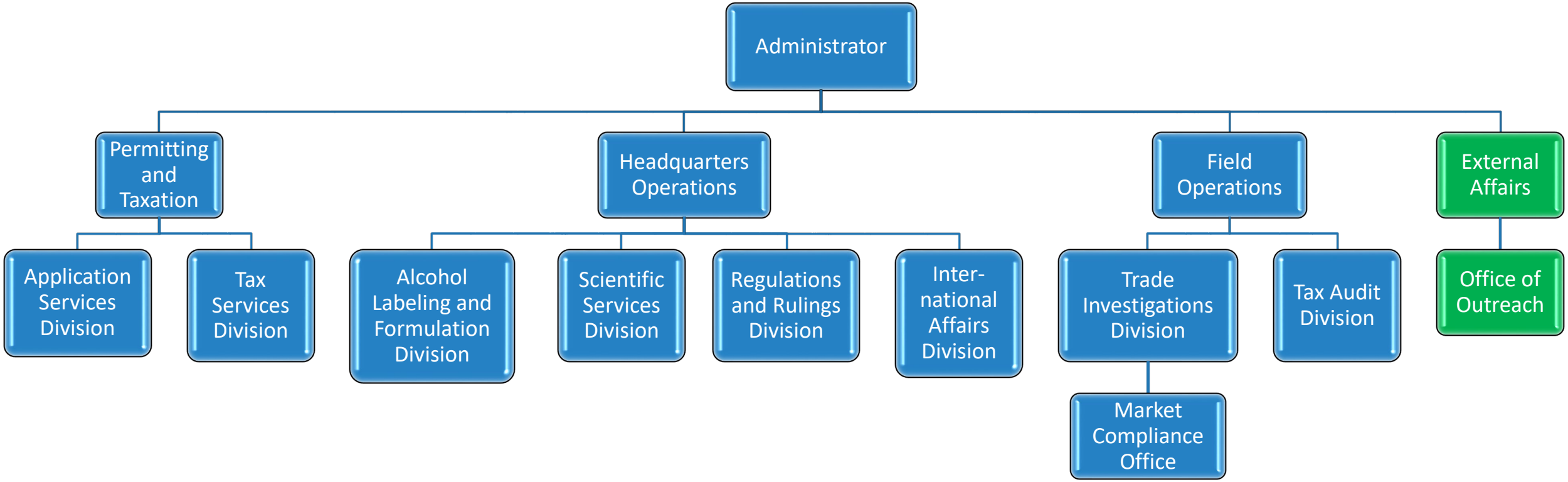
Market Compliance Office (MCO): Ensures industry compliance in the marketplace through programs addressing consumer complaints, trade practices, product recalls, and advertising reviews

MCO Customer Service Line: 202-453-2251

Email:

- Market.Compliance@ttb.gov
- TradePractices@ttb.gov

TTB Organizational Chart



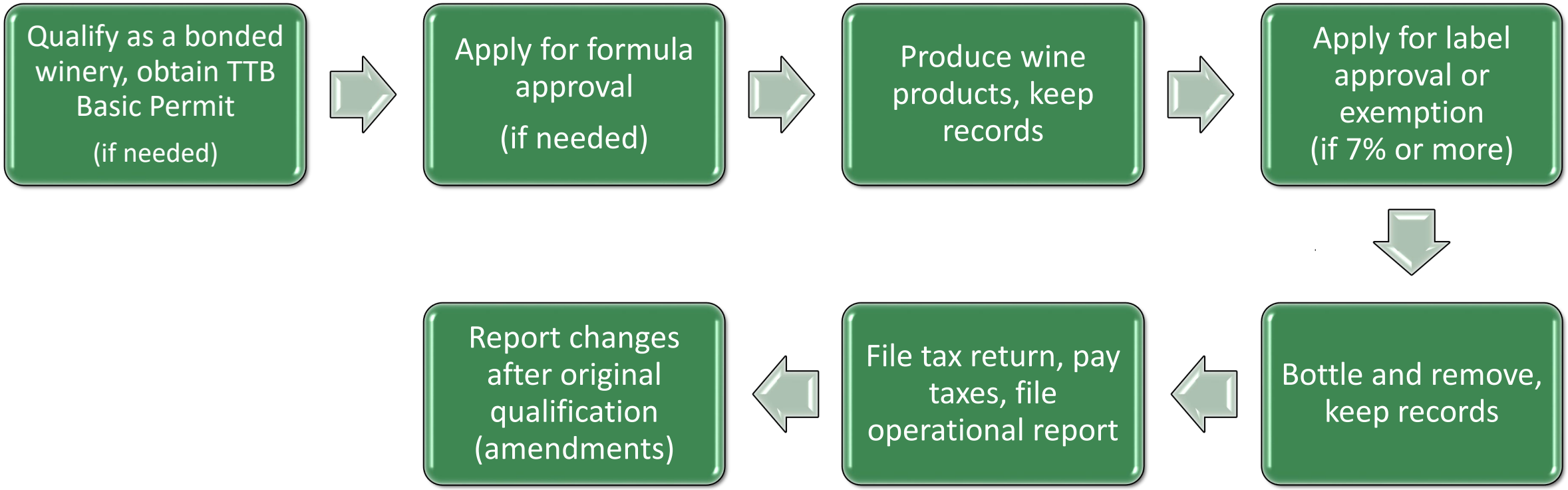
External Affairs: Office of Outreach

Office of Industry and State Outreach (Office of Outreach): Enhance TTB's relationships with industry members, their representatives, and our state government counterparts. Functions include:

- Coordinating TTB participation at conferences and trade shows;
- Providing education and information to industry members to enable voluntary compliance; and
- Serving as a liaison with states, industry members, and trade associations.

- Web Form: Submit Online Inquiry
- Email: Outreach@ttb.gov

Typical TTB Touchpoints for Wine Industry Members



Federal Wine Laws

Federal Laws to Know*

There are 2 primary statutes administered by TTB that govern wine products:

- **Internal Revenue Code (IRC)**
- **Federal Alcohol Administration Act (FAA Act)**

Also:

- Alcoholic Beverage Labeling Act (ABLA)

Another statute NOT administered by TTB that may apply:

- Federal Food, Drug, and Cosmetic Act (FD&C Act)

* Not a complete list

IRC Requirements for Wine

The Internal Revenue Code (IRC) implementing regulations (27 CFR part 24) cover issues such as:

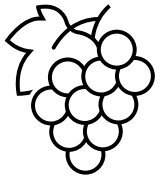
- Qualification/registration of bonded wine premises
- Production requirements
- Formulas (for some)
- Recordkeeping/reports
- Taxes
- Basic labeling/marking

The part 24 regulations apply to all domestic commercial wineries making product with 0.5% ALC. BY VOL. or more

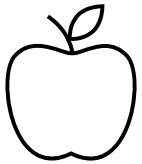
27 CFR part 24 (domestic)
27 CFR part 27 (imports)

IRC Definition of Wine

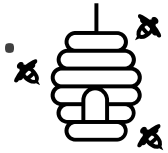
Wine includes every kind (class and type) of product:



- **Produced on bonded wine premises**
- **From grapes, other fruit (including berries), or other suitable agricultural products**
- **Containing not more than 24 percent of alcohol by volume.**



Definition of wine includes cider and perry (other fruit) and mead (agricultural)products.

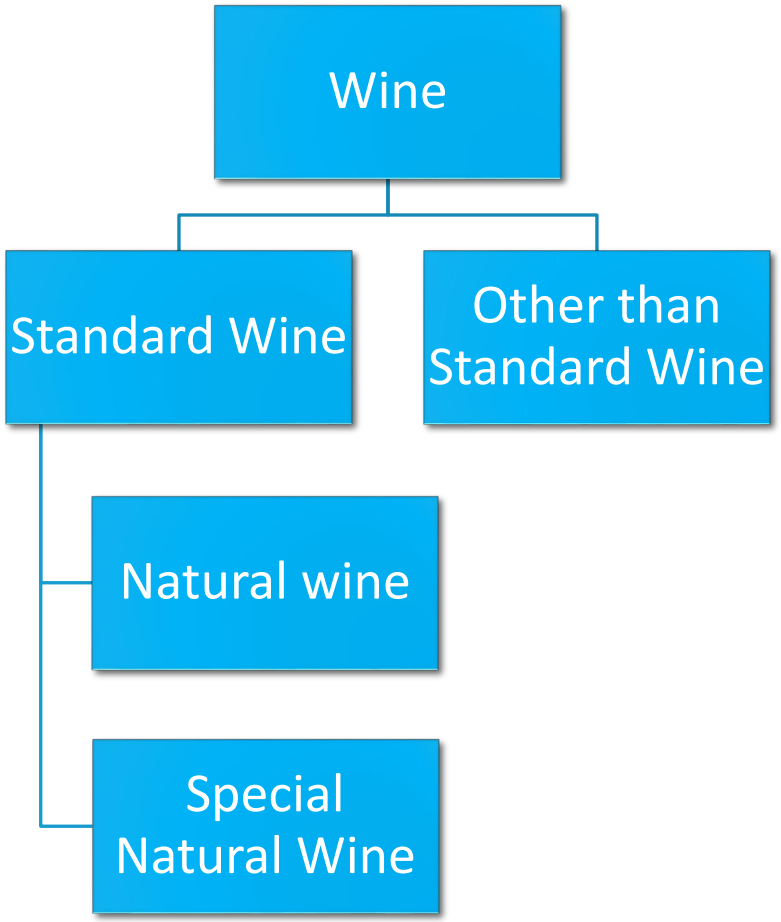


27 CFR 24.10

IRC Definition of Wine (cont'd)

- Includes all imitation, other than standard, or artificial wine and compounds sold as wine.
- A wine product containing <0.5 % alcohol by volume is not taxable as wine when removed from the bonded wine premises.

IRC Wine Classifications



- For production purposes, part 24 subdivides wine into **standard** wine and **other than standard** wine
- Of those that are standard, some are natural wine, some are special natural wine
- Classification impacts whether a formula is required but does not impact tax class

*This chart does not depict all wine classifications in part 24

FAA Act Requirements for Wine

- The FAA Act implementing regulations cover issues such as:
  - Qualification (Basic Permit)
  - Labeling
  - Certificates of Label Approval (COLA)
  - Advertising
  - Trade practices
  - Labeling proceedings

The FAA Act regulations only apply if ALC. BY VOL. is between 7% and 24%, and product is imported or sold interstate!

27 CFR parts 1, 4, 6, 8, 10, 11, and 13

FAA Act Definition of Wine

Wine as defined in 26 U.S.C. 5381-5392, and other alcoholic beverages not so defined but made in the manner of wine:

- only if for non-industrial use
- and containing **not less than 7% alc. by vol** and not more than 24% alc. by vol (27 USC 211(a)(6))

Definition of wine includes:

- sparkling and carbonated wine
- wine made from condensed grape must
- wine made from other agricultural products
- imitation wine
- compounds sold as wine
- vermouth
- cider
- perry
- sake

27 CFR 4.10

FAA Act Classes and Types of Wine

Class	Type (example(s))
1. Grape	Red Wine, Table Wine
2. Sparkling Grape	Champagne, Crackling Wine, Cremant
3. Carbonated Grape Wine	
5. Fruit	Cider, Perry, Peach Wine
6. Other Agricultural Products	Mead, Raisin, Sake
7. Aperitif	Vermouth
8. Imitation, Substandard or Other than Standard	Other Than Standard Orange Wine
9. Retsina	

27 CFR 4.21

What if the FAA Act Doesn't Apply?

The FAA Act rules **ONLY** apply to wine products that:

- Are **7% to 24%** alc. by vol.; and
- Are sold or otherwise introduced into interstate commerce

Wines that do not fall under FAA Act jurisdiction must comply with applicable **Federal Food, Drug, and Cosmetic Act food labeling and packaging requirements**, including ingredient, nutrition, and allergen labeling requirements!

Alcoholic Beverage Labeling Act

The Alcoholic Beverage Labeling Act and TTB regulations in 27 CFR part 16 require that a **Health Warning Statement** appear on all alcohol beverages with 0.5% alcohol by volume or more

GOVERNMENT WARNING: (1) According to the Surgeon General, women should not drink alcoholic beverages during pregnancy because of the risk of birth defects. (2) Consumption of alcoholic beverages impairs your ability to drive a car or operate machinery, and may cause health problems.

Applies to all commercial wine products if ALC. BY VOL. is 0.5% or more

27 CFR part 16

Recap: Which Laws and Regulations Apply?

Then the following wine laws and regulations apply:		If the alcohol content by volume is:		
		0.5 to < 7%	7 to 24%	
			Interstate commerce?	
			Yes	No
Law	**Regulations**			
Alcoholic Beverage Labeling Act of 1988 (ABLA)	27 CFR part 16: Alcoholic Beverage Health Warning Statement	✓	✓	✓
Internal Revenue Code (IRC)	27 CFR part 24: Wine 27 CFR part 27: Importation of Distilled Spirits, Wines, and Beer 27 CFR part 28: Exportation of Alcohol	✓	✓	✓
Federal Alcohol Administration (FAA) Act	27 CFR part 1: Basic Permit Requirements 27 CFR part 4: Labeling and Advertising of Wine 27 CFR parts 6, 8, 10, 11: Trade Practices 27 CFR part 13: Labeling Proceedings		✓	
Federal Food, Drug, and Cosmetic Act (FD&C Act)	21 CFR part 101: Food Labeling	✓		

What Comes Next?

Now that you're familiar with the basics of TTB and federal laws applicable to wineries, what comes next?

- Explore www.TTB.gov for valuable resources and information on wine requirements and regulations.
- Become familiar with other federal and state rules applicable to your operation.
- Watch other TTB Boot Camp for Wineries videos on permitting; records, reports, and returns; labeling; and formulas for foundational information on federal winery compliance.

Contact Us and Stay Updated

Stay in Touch!

- Contact the Office of Outreach
- View Upcoming Outreach Events
- Subscribe to the TTB Newsletter!

Fact Sheets

- About TTB
- Contacting TTB
- Wine Resources
- Cider Resources
- Mead Resources