



Distilled Spirits Plant Records, Reports and Tax Payments: How to Avoid Warning Letters, Penalties and Interest

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Overview

- Excise Taxes – Paying Correctly & Timely
- Penalties on Late Filed and/or Paid Taxes
- Distilled Spirits Accounts
- Daily Records
- Monthly Reports
- Distilled Spirits Plant (DSP) Claims

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Federal Excise Taxes



Excise Taxes

- Liability attaches to distilled spirits the moment they come into existence
- Standard tax rate prescribed by 26 U.S.C. 5001 is \$13.50 per proof gallon
 - Proof gallon (pg) = wine gallons (wg) × proof
- 5010 Tax Credits (effective tax rates) adjusts standard tax rate

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5010 Tax Credits

- Provided for by 26 U.S.C. 5010
- A credit to the standard rate for those parts of a distilled spirits product that contain wines or alcoholic flavoring
- 27 CFR 19.34 prescribes the method for calculating the credit
- Spirits may be withdrawn from bonded premises without payment of tax for export (27 CFR 19.531(a))
- Credit can be taken in four ways, which will be discussed in the presentation for 5010 credits

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Excise Taxes (Cont'd)

- Excise taxes are required to be filed on TTB Form 5000.24
- **Beverage Plants** –According to 27 CFR 19.522, if you have withdraw coverage on your bond, you will begin filing returns once your permit is issued. A return shall be executed and filed notwithstanding that no tax is due for payment.
 - You must have withdraw coverage on bond if you are going to be withdrawing unless you will be prepaying your taxes
- **Industrial Plants** – File only if they will have taxable removals marked on their registration

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OMB No. 1513-0083 (01/31/2005)

DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (TTB)
EXCISE TAX RETURN
(Prepare in duplicate - See instructions on back)

1. SERIAL NUMBER
2. AMOUNT OF PAYMENT
\$

3. FORM OF PAYMENT
 CHECK MONEY ORDER EFT OTHER (Specify)

4. RETURN COVERS (Check one)
 PREPAYMENT PERIOD BEGINNING _____ ENDING _____

5. DATE PRODUCTS TO BE REMOVED (For Prepayment Returns Only)

6. EMPLOYER IDENTIFICATION NUMBER
7. PLANT, REGISTRY, OR PERMIT NUMBER

8. NAME AND ADDRESS OF TAXPAYER (include ZIP Code)

9. DISTILLED SPIRITS
10. WINE
11. BEER
12. CIGARS
13. CIGARETTES
14. CIGARETTE PAPERS AND/OR CIGARETTE TUBES
15. CHEWING TOBACCO AND/OR SNUFF
16. PIPE TOBACCO AND/OR ROLL-YOUR-OWN TOBACCO

17. TOTAL TAX LIABILITY (Total of lines 9-16)
18. ADJUSTMENTS INCREASING AMOUNT DUE (From line 29)
19. GROSS AMOUNT DUE (Line 17 plus line 18)
20. ADJUSTMENTS DECREASING AMOUNT DUE (From line 34)
21. AMOUNT TO BE PAID WITH THIS RETURN (Line 19 minus line 20)

22. DATE
23. SIGNATURE
24. TITLE

25. EXPLANATION OF INDIVIDUAL ERRORS OR TRANSACTIONS
26. (b) TAX
27. (c) INTEREST
28. (d) PENALTY
29. SUBTOTALS OF COLUMNS (b), (c) AND (d)
30. TOTAL ADJUSTMENTS INCREASING AMOUNT DUE (Line 28, Col (b) + (c) + (d)) Enter here and on line 18.
31. EXPLANATION OF INDIVIDUAL ERRORS OR TRANSACTIONS
32. (b) TAX
33. (c) INTEREST
34. SUBTOTALS OF COLUMNS (b) and (c)
35. TOTAL ADJUSTMENTS DECREASING AMOUNT DUE (Line 33, Col (b) + (c)) Enter here and on line 20.

TTB F 5000.24 (5/2005)

Year/Number i.e., 08-01
Amt of pymt
DSP No.
PG removed multiplied by \$13.50
Total Tax Increasing Adj
Total Tax minus inc Dec. adj
Total tax due
NPA payment Failed to pay From previous return
Decreasing Due to claim approval



Return Periods of Semi-Monthly Filer

- From the 1st day through the 15th day of each month, and from the 16th through the last day of each month. (27 CFR 19.522)
- Except for the month of September. The second semi-monthly period for the month of September shall be from the 16th day through the 26th day, and from the 27th day through the 30th day. (27 CFR 19.523(c))

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Due Dates for Semi-Monthly Filers

- According to 27 CFR 19.523, file a semi-monthly tax return no later than the 14th day after the last day of the return period.
- Except for the month of September. From the 16th day to the 26th day shall be filed no later than September 29. The 27th – 30th day shall be filed no later than October 14th.

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Quarterly Excise Taxes

- If you paid less than \$50,000 in distilled spirits, wine, or beer excise tax in the previous year you may be eligible to file returns and pay excise taxes on a quarterly basis.
- Public Law 109-59 amended Internal Revenue Code section 26 USC to give small taxpayers an extended time to submit tax returns and pay excise taxes on a quarterly basis.

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Quarterly Tax Returns

- 27 CFR 19.522-19.523
- The quarterly tax payment procedure applies to “any taxpayer who reasonably expects to be liable for not more than \$50,000 in taxes...for the calendar year and who was liable for not more than \$50,000 of such taxes in the preceding calendar year.”
- Filing quarterly will result in a higher amount of taxes. Be sure that bond coverage is sufficient before you elect to file returns on a quarterly basis.

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Due Dates for Quarterly Taxes

Serial No.	Return Period	Due Date
1	1/1-3/31/08	4/14/08
2	4/1-6/30/08	7/14/08
3	7/1-9/30/08	10/14/08
4	10/1-12/31/08	1/14/09

- When using Pay.gov to file your returns and payments, make sure it is done by 4 p.m. **one** day prior to the due date to ensure timely filing/payment and to avoid penalties and interest.

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Due Dates for Semi-Monthly Tax Returns for CY 2008

Serial Number	Return Period	Due Date
1	January 1-15, 2008	January 29, 2008
2	January 16-31	February 14
3	February 1-15	February 29
4	February 16-29	March 14
5	March 1-15	March 28
6	March 16-31	April 14
7	April 1-15	April 29
8	April 16-30	May 14
9	May 1-15	May 29
10	May 16-31	June 13
11	June 1-15	June 27
12	June 16-30	July 14
13	July 1-15	July 29
14	July 16-31	August 14
15	August 1-15	August 29
16	August 16-31	September 12
17	September 1-15	September 29
18	September 16-25	September 29 Non-EFT*
18	September 16-26	September 29 EFT*
19	September 26-30	October 14 Non-EFT*
19	September 27-30	October 14 EFT*
20	October 1-15	October 29
21	October 16-31	November 14
22	November 1-15	November 28
23	November 16-30	December 12
24	December 1-15	December 29
25	December 16-31	January 14, 2009



Information and Help Available

- On our Web site, www.ttb.gov, there is a tutorial on how to complete reports.
- Pay.gov is a service that is available to all industry without charge to file your taxes and reports electronically.
- There will be a class on Pay.gov during TTB Expo.

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Penalties on Late Filed and/or Paid Taxes



What Happens if Excise Taxes Are Not Paid?

- Section 6201 – “the secretary is authorized and required to make assessments of all taxes” (including interest and assessable penalties)
- Assessment is a formal recording of a taxpayer’s tax liability.

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- Section 6651 allows for penalties to be imposed for delinquent taxes and returns:
 1. Failure to File
 2. Failure to Pay
 3. Failure to Deposit (EFT and ACH)

Distilled Spirits Accounts

- Production
- Storage
- Processing (Denaturing)

- Correcting quantity measured to 60 °F
 - Measurement and temperature correction to determine wine gallons
 - Measurement, proof, and temperature correction to determine proof gallons
 - Proof gallon is one volumetric gallon at 60 °F at 100 proof



Required Gauges

- **27 CFR 19.92:**
 1. Entered for deposit
 2. Filled into packages from storage tanks
 3. Transferred or received in bond
 4. Transferred between operational accounts
 5. Mixed in manufacturing a distilled spirits product
 6. Reduced in proof before bottling
 7. Destroyed
 8. Withdrawn from bond
 9. Returned to bond
 10. As otherwise required by TTB

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Production

- Identify materials used to distill
 - *27 CFR 19.312 and .313*
- Identify treatment and materials added during distillation
 - *27 CFR 19.317 and .318*
- Gauge the spirits produced
 - *27 CFR 19.319*
- Maintain inventories of spirits produced quarterly
 - *27 CFR 19.329*

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- Cannot change type of spirits in storage
- Inventories quarterly
- May:
 - Add oak chips
 - Change packages
 - Mingle or blend spirits
 - Higher than 190 proof
 - Same kind, same country of production, and same duty paid

- Includes receipts, batch preparation, manufacturing alcoholic flavors, bottling, packaging, removals, and denaturing
- Requires proof and fill checks, gauges when moved or altered, and agreement of contents of beverage spirits with bottle label
- Daily records of spirits produced bottled or packaged, inventories of wine and bulk spirits (including flavorings), inventories of bottled and packaged spirits, and inventories of denaturants and denatured spirits
- Proper and timely receipt, testing, and acceptance of spirits entered into bond

Daily Records



Daily Records

- 27 CFR 19.732
- Spirits shall be recorded by kind and by quantity in proof gallons, except as provided in 19.751 (records of finished products – may show the wg or liters and the proof of the spirits)
- Denatured spirits shall be recorded by formula number and by quantity in wg
- Distilling materials produced on the premises shall be recorded by kind and quantity in wg

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Daily Records (Cont'd)

- Chemical byproducts containing spirits, articles, spirits residues, and distilling materials received on the premises shall be recorded by kind, by percent of alcohol by volume, and by quantity in wg.
- Wines shall be recorded by kind, by quantity in wine gallons, and by percent of alcohol by volume.
- Alcoholic flavoring materials shall be recorded by kind, formula number (if any), and by quantity in pg.

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Daily Records (Cont'd)

- Containers or cases involved in each operation or transaction recorded by type, serial number, and the number of containers or cases
- Materials intended for use in the production of spirits recorded by kind and by quantity
- Name & Address of the consignee or consignor and the plant number or industrial use permit number
- Serial number of the tank used recorded for each operation or transaction

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Daily Records (Cont'd)

- The rate of duty paid on imported spirits.
- Records shall identify imported spirits, spirits from Puerto Rico and the U.S. Virgin Islands (PR/VI), or the records shall show that a distilled spirits product contains such spirits. (cover over)
- Records shall identify spirits that are to be used exclusively for fuel use.

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Daily Production Records

- **27 CFR 19.736**
- Maintain daily production account records showing:
 - Receipts of fermenting materials or other non-alcoholic material
 - Receipts and use of spirits, denatured spirits, articles and spirits residues received for redistillation
 - Receipts and uses of distilling material, including residue of beer returned to the producing brewery

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Daily Production Records (Cont'd)

- The fermenting material set in each fermenter
- The gauge of spirits in each receiving tank
- The fermenting materials or other non-alcoholic materials used or removed from the premises
- The quantity and testing for alcohol content of fusel oil
- The kind and quantity of distillates removed from the production system pursuant to 27 CFR 19.322
- The kind and quantity of spirits lost or destroyed prior to production gauge

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Maintaining Production Records

- Production records shall be maintained in such manner that the spirits produced may be traced through the distilling system to the mash or other material from which produced, and the identity of the spirits thus traced may be clearly established.

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Byproduct Spirits Production Record

- Each proprietor who manufactures substances other than spirits, in a process which produces spirits as a byproduct, shall maintain daily production records showing:
 - The kind and quantity of materials received
 - Spirits produced and disposed of
 - The kind and quantity of other substances produced

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Daily Storage Records

- 27 CFR 19.740-19.743
- Maintain daily records in storage account:
 - Spirits/wines received for deposit
 - Spirits mingled
 - Spirits in tanks
 - Spirits/wines filled into packages from tanks and retained for storage
 - Spirits of less than 190° proof or wines transferred from one tank to another

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Daily Storage Records (Cont'd)

- Spirits returned to bond
- Spirits/wines voluntarily destroyed
- Spirits/wines lost during storage
- Transfer of spirits/wines from one package to another
- The addition of oak chips to spirits; caramel to brandy or rum
- The disposition of spirits/wines

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Package Summary Records

- 27 CFR 19.741
- Each warehouseman shall keep current summary records for each kind of spirits or wines in packages, to show the spirits or wines deposited in, withdrawn from and remaining in the storage account.
- Separate accounting records shall be kept for domestic spirits, imported spirits, and spirits and wine from Puerto Rico or the U.S. Virgin Islands.

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Tank Records of Spirits Less Than 190° Proof

- 27 CFR 19.742
- Proprietors shall keep a record for each tank (including bulk) containing wine or spirits of less than 190 degrees proof to show deposits into, withdrawals from, and the balance remaining in each tank in the storage account.
- A new record shall be prepared each time wine or spirits are deposited in an empty tank.
- Each transaction shall be recorded on the day the transaction occurs.

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Tank Summary for Spirits of 190° or More of Proof

- Proprietors shall keep a tank summary record for spirits of 190 degrees or more held in tanks to show the proof gallons deposited into, withdrawn from, and remaining in tanks in the storage account.
- A separate record shall be prepared for each kind of spirits.
- Entries shall be made for each day in which a transaction occurs.

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Daily Processing Records

- 27 CFR 19.746-19.753
- Maintain daily records of transactions and operations:
 - Manufacture of distilled spirits products
 - Finished products
 - Denaturation of spirits
 - Manufacture of articles

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Records of Manufacturing

- 27 CFR 19.747
- Each processor shall maintain daily records of details of manufacturing operations, showing:
 - Spirits, wines, and alcoholic flavoring materials received from storage/production at the same plant, and transfers in bonds from other plants.
 - Spirits, wines, alcoholic flavoring, and other ingredients used in the manufacture of a distilled spirits product showing the serial number of the dump/batch record covering such dump.
 - Bottling or packaging of each batch of spirits, showing the serial numbers of bottling and packaging.

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Records of Manufacturing (Cont'd)

- Results of bottling proof and fill tests as required by 27 CFR 19.386
- Receipt, use, and disposition of liquor bottles
- The rebottling, relabeling, and reclosing of bottled products as required by 27 CFR 19.392-19.393
- The spirits, wines, and alcoholic flavoring materials removed from the premises

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Records of Manufacturing (Cont'd)

- Spirits moved to the production account for redistillation
- Redistillation of spirits
- Record of alcoholic flavoring, materials deposited into tanks prior to dumping
- Spirits returned to bond
- Voluntary destruction of spirits and wines
- Losses as provided in Subpart Q

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Dump/Batch Records

- **27 CFR 19.748**
- **Show the following on the record:**
 - Serial No.
 - Name and DSP No. of the producer
 - Kind and Age
 - Quantity by ingredient
 - Date of each transaction
 - Formula number
 - Gain or loss
 - For each batch to be tax determined in accordance with 27 CFR 19.35, the effective tax rate

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Bottling & Packaging Record

- **27 CFR 19.749**
- **Show the following:**
 - Tank Number
 - Serial Number
 - Formula Number
 - Kind of Product
 - Details of the tank gauge
 - The date the bottles or packages filled
 - Serial Numbers by brand name of cases
 - Proof of the spirits
 - Total quantity bottled/packaged
 - Losses or gains
 - Whether the spirits were labeled as bottled in bond

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Records of Alcohol Content & Fill Test

- **27 CFR 19.750**
- **Shall contain the following:**
 - Date and time of test
 - Bottling tank number
 - Serial number of bottling record
 - Bottling line designation
 - Size of bottle
 - Number of bottles tested
 - Labeled alcohol content
 - Alcohol content found by the test
 - Percentage of variation from 100 percent fill
 - Corrective action taken, if any

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Records of Finished Products

- **27 CFR 19.751**
- **Processor shall maintain proof gallons daily transaction as follows:**
 - Beginning and ending quantity of bottled/packageged spirits on hand
 - Spirits bottled/packageged
 - Bottled/packageged spirits disposed of
 - In lieu of showing in pg, proprietors may show the wg or liters and the proof of the spirits in cases

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Denaturation Record

- 27 CFR 19.752
- Each processor qualified to denature spirits shall maintain daily records of denaturation.
- Each time spirits are denatured, a record shall be prepared showing:
 - Formula number
 - Tank in which denaturation takes place
 - The pg of spirits before denaturation
 - Quantity of each denaturant used (in gallons or in pounds/ounces)
 - Wine gallons of denatured spirits produced

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Record of Article Manufacture

- 27 CFR 19.753
- Showing the following:
 - Quantity, by formula number of denatured spirits used in the manufacture
 - Quantity of each article manufactured
 - Quantity of each article removed, or otherwise disposed of including the name and address of the person to whom it was sold or otherwise disposed of.

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Monthly Reports



Monthly Reports

- 27 CFR 19.792
- Reports required by this section shall be prepared as of the end of the applicable month being reported. The original shall be submitted to the National Revenue Center and a copy retained by the proprietor.
- All reports required by this part shall be prepared and submitted not later than the 15th day of the month following the close of the reporting period.
- Prepared by using your daily records.

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Production Report: TTB F 5110.40

- A beverage or industrial DSP must file a production report if distilling/production operations are shown on permit and on registration.
- If you do not have activity during a given month, you must still file the report showing zeros.

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DEPARTMENT OF THE TREASURY ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (TTB) MONTHLY REPORT OF PRODUCTION OPERATIONS (PREPARE IN DUPLICATE, SEE INSTRUCTIONS ON REVERSE)			1. NAME OF PROPRIETOR NAME ADDRESS		2. MONTH AND YEAR MM/YR						
			3. LOCATION OF PLANT		4. PLANT NUMBER DSP Permit #						
PART I - TRANSACTIONS											
TRANSACTION (a)	PROOF GALLONS										
	WHISKY 180° AND UNDER (b)	OVER 180° (c)	BRANDY 170° AND UNDER (d)	OVER 170° (e)	RUM (f)	GIN (g)	VOODKA (h)	ALCOHOL AND SPIRITS 190° AND OVER (i) (Distilled)		UNDER 190° (j) (Distilled)	OTHER (Identify) (k)
1. TAX PAYMENT	Include on return										
2. USE OF U.S. HOSPITAL, SCIENTIFIC, OR EDUCATIONAL USE ¹											
3. EXPORT											
4. TRANSFER TO FOREIGN TRADE ZONE											
5. TRANSFER TO CMBW											
6. USE AS SUPPLIES ON VESSELS OR AIRCRAFT											
7. USE IN WINE PRODUCTION											
8. ENTERED IN PROCESSING ACCOUNT	Equal or less than 2(c) on proc. report										
9. ENTERED FOR TRANSFER IN BOND	Amt transferred in bond										
10. ENTERED IN STORAGE ACCOUNT	Same or less than line 2 on storage report										
11. WITHDRAWN FOR RESEARCH, DEVELOPMENT, OR TESTING ²											
12. WITHDRAWN FOR RESEARCH, DEVELOPMENT, OR TESTING ²											
13.											
14. PRODUCED (Total Lines 1 through 13)	14(b) & (c) equal part III(b)-(d) & 14 (d) & (e) equal part IV(b)										
15. RECEIVED FOR REDISTILLATION ³	REDISTILLATION										
16. Y											
17. PRODUCTION QUARTER											
(a) RECEIVED FOR REDISTILLATION ³											
(b) UNFINISHED SPIRITS											
PART II - PRODUCTION OF ALCOHOL AND SPIRITS OF 190° OR MORE OF PROOF, BY KIND OF MATERIAL USED			PART III - PRODUCTION OF WHISKY BY KIND AND COOPERAGE USED			PART IV - PRODUCTION OF BRANDY BY KIND			PART V - USED IN REDISTILLATION		
KIND OF MATERIAL (a)	PROOF GALLONS (b)	KIND (a)	PROOF GALLONS NEW COOPERAGE (b)	PROOF GALLONS USED COOPERAGE (c)	PROOF GALLONS DEPOSITED IN TANKS (d)	KIND (a)	PROOF GALLON (b)	KIND OF SPIRITS ⁴ (a)	PROOF GALLON (b)		
1. GRAIN		1. BOURBON				1. GRAPE BRANDY	Lines 1&2 = 14(d)	1.			
2. FRUIT	Lines 1-3 = 14(b)	2. CORN				2. ALL OTHER BRANDY		2.			
3. MOLASSES	Lines 1-8 = 14(f)	3. RYE				3. NEUTRAL GRAPE BRANDY	Lines 3&4 = 14(e)	3.			
4. ETHYL SULFATE	Equal 14(c)	4. LIGHT				4. ALL OTHER NEUTRAL BRANDY		4.			
5. ETHYLENE GAS		5.				5.		5.			
6. SULPHITE LIQUORS		6.				6.		6.			
7. FROM REDISTILLATION		7.				7.		7.			
8.		8.				8.		8.			

¹ Does not include spirits withdrawn for experimental or research use under 28 U.S.C. 5112; report these at line 12.
² Show withdrawals under 28 U.S.C. 5114(a)(1), 5173(b)(4) or 5312.
³ Does not include recovered denatured spirits or articles returned for restoration and/or denaturation under 27 CFR 19.683; such materials should be reported on TTB F 5110.40, Monthly Report of Processing (Operating) Operations. Imported spirits received for redistillation will be identified as such and reported separately in Parts II and V.
⁴ Samples returned shall be shown here. If alcohol or spirits, indicate whether "190° or over" or "under 190°".

PART IV - MATERIALS USED				
KIND (A)	USED IN PRODUCTION OF DISTILLED SPIRITS		USED IN MANUFACTURE OF SUBSTANCES OTHER THAN DISTILLED SPIRITS, IN PROCESSES YIELDING DISTILLED SPIRITS AS A BY-PRODUCT	
	POUNDS (B)	GALLONS (C)	POUNDS (D)	GALLONS (E)
GRAIN AND GRAIN PRODUCTS				
1. CORN				
2. RYE				
3. MALT				
4. WHEAT				
5. BORGHUM GRAIN				
6. BARLEY				
7.				
8.				
FRUIT AND FRUIT PRODUCTS				
9. GRAPE				
10.				
11.				
12.				
13.				
14.				
CANE AND CANE PRODUCTS				
15. MOLASSES				
16.				
17.				
18.				
OTHER MATERIALS				
19. ETHYL SULFATE				
20. ETHYLENE GAS				
21. SULPHATE LIQUORS				
22. BUTANE GAS				
23.				

TYPE OF MATERIAL

Under penalty of perjury, I declare that I have examined this report, and to the best of my knowledge and belief, it is true, correct, and complete and is supported by true, correct, and complete commercial records which are available for inspection.

DATE _____ PROPRIETOR _____ BY (Signature and title) _____

INSTRUCTIONS

Every proprietor of a distilled spirits plant must prepare this form monthly, in duplicate. Forward the original to the Director, National Revenue Center, 200 Main St., Ste. 6022, Cincinnati, OH 45202-5213, not later than the 15th day of the month following that for which the report is rendered. The remaining copy must be retained by the proprietor.



Storage Report: TTB Form 5110.11

- If you are a beverage or industrial plant with the operation of warehouseman on your permit and registration, TTB requires you to file this report each month.
- If you do not have activity during any month, you will still file the report showing zeros.



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File one form for each

**DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (TTB)
MONTHLY REPORT OF STORAGE OPERATIONS**

REPORT COVERS: DOMESTIC SPIRITS AND ALL WINES IMPORTED SPIRITS
 PUERTO RICAN SPIRITS VIRGIN ISLANDS SPIRITS

MONTH AND YEAR
MM/YR

INSTRUCTIONS
Every proprietor as a warehouseman shall prepare this form monthly, in duplicate. Forward the original to the Director, National Revenue Center, 550 Main St., Ste. 8002, Cincinnati, OH 45202-5215, not later than the 15th day of the month following that for which the report is rendered. The remaining copy shall be retained by the proprietor. Separate reports shall be prepared for domestic spirits, imported spirits, Puerto Rican spirits, and spirits from the Virgin Islands. Denaturing operations shall be reported on TTB F 5110.43.

NAME OF PROPRIETOR
NAME
LOCATION OF PLANT
ADDRESS

PLANT NUMBER
DSP

DSP #

TRANSACTIONS	PROOF GALLONS										TOTAL	
	WHISKY*		BRANDY		RUM	GIN	VOODKA	ALCOHOL AND SPIRITS		OTHER (Identify)		WINE (Proof gallons)
	DISTILLED AT 160° AND UNDER (b)	DISTILLED AT OVER 160° (c)	DISTILLED AT 170° AND UNDER (d)	DISTILLED AT OVER 170° (e)	(f)	(g)	(h)	190° AND OVER (i)	UNDER 190° (j)	(k)	(l)	(m)
1. On hand first of month	Must agree with previous month on hand at end											
2. Deposited in bulk storage*	Amt added to bulk storage											
3. Received from customs custody	Alcohol released from Customs											
4. Returned to bulk storage	Alcohol returned											
5. GAINS	Must equal line 24 below											
6. TOTAL (Lines 1 through 5)	Included on return											
7. Taxpaid												
8. Use of the United States												
9. Hospital, scientific, educational use ¹												
10. Export												
11. Transfer to foreign-trade zone												
12. Transfer to CMEW ²												
13. Use as supplies on vessels and aircraft												
14. Transfer to bonded winery												
15. Transfer to CBW												
16. Research, development or testing ³												
17. Transferred to processing account	Includes info from 2(c) on processing report											
18. Transferred to production account ⁴	Amt transferred to production = line 15 of production report											
19. Transferred to other bonded premises												
20. Destroyed	Alcohol destroyed											
21. Other Losses ⁵												
22. On hand end of month												
23. TOTAL (Lines 7 through 22)	Must equal line 6 above											

FOOTNOTES

¹Withdrawals under 26 U.S.C. 5214(a)(10) or 5372(b)(4). ²In the case of imported spirits or spirits from Puerto Rico and Virgin Islands, applicable only to spirits of 185 degrees or more of proof. ³Includes only losses determined at the time of: (1) withdrawal; (2) dumping for mingling, or (3) emptying or inventorying storage tanks. ⁴Includes domestic whiskey distilled at over 160° proof in col. (c). All other whiskey should be reported in col. (k). ⁵Under penalty of perjury I declare that I have examined this report and, to the best of my knowledge and belief, it is a true, correct, and complete report of storage operations and is supported by true correct and complete commercial records which are available for inspection.

DATE _____ PROPRIETOR _____
BY: (Signature and Title)



Gains & Losses

- If a proprietor has huge storage tanks, there should be gains and losses on Whiskey and Brandy due to temperature changes. If not, they need to check that they are gauging their alcohol correctly.
- SPIRITS MUST BE GAUGED ON EVERY MOVE FROM ONE ACCOUNT TO ANOTHER.

Alcohol and Tobacco Tax and Trade Bureau



Processing Report: TTB Form 5110.28

- If you are a beverage or industrial plant with the operation of rectifier (processor) on your permit and registration, TTB requires that you file this report each month.
- If you do not have activity during any month, you will still file the report showing zeros.
- Processing accounts is for finished products.

Alcohol and Tobacco Tax and Trade Bureau



TTB Form 5110.28

PART I - BULK INGREDIENTS			PART II - FINISHED PRODUCTS		
TRANSACTION	WINE (Proof gallons)	SPIRITS (Proof gallons)	TRANSACTION	BOTTLED (Proof gallons)	PACKAGED (Proof gallons)
(a)	(b)	(c)	(a)	(b)	(c)
1. ON HAND FIRST OF MONTH	Must equal last month end		27. ON HAND FIRST OF MONTH	Must equal last month end	
2. RECEIVED (Other than line 3)	Include amts from In 9 prod & In 18 storage		28. BOTTLED OR PACKAGED	Equal line 9 of Part I	
3. ALCOHOL FOR FUEL USE RECEIVED FROM CUSTOMS CUSTODY			29. RECEIVED		
4. ALCOHOL FLAVOR MATERIALS DUMPED			30. INVENTORY OVERAGES	Must be completed to take credit	
5. WINE MIXED WITH SPIRITS			31. TOTAL - LINES 27 THROUGH 30	Must equal line 47 below	
6. DUMPED FOR FURTHER PROCESSING			32. TRANSFERRED IN BOND		
7. GAINS	GAINS		33. WITHDRAWN TAX DETERMINED	Include on return	
8. TOTAL - LINES 1 THROUGH 7	Must equal Line 26 below		34. WITHDRAWN FREE OF TAX: FOR U.S. HOSPITAL		

Alcohol and Tobacco Tax and Trade Bureau



TTB Form 5110.28 (Cont'd)

2. BOTTLED OR PACKAGED			34. WITHDRAWN FREE OF TAX: FOR U.S. HOSPITAL, SCIENTIFIC, OR EDUCATIONAL USE	
10. WINE MIXED WITH SPIRITS			35. WITHDRAWN WITHOUT PAYMENT OF TAX: FOR ADDITION TO WINE	
11. USED FOR DENATURATION	Equals Ln 2 prbc denat.		36. FOR EXPORTATION, VESSELS, AND AIRCRAFT, AND TRANSFER TO C.B.W.	
12. TRANSFERRED IN BOND	BULK Spirits only		37. TRANSFERRED TO PRODUCTION ACCOUNT FOR REDISTILLATION	
13. WITHDRAWN TAX DETERMINED	Include on return		38. WITHDRAWN FOR RESEARCH, DEVELOPMENT, OR TESTING (Including Gov. samples)	Samples/testing
14. WITHDRAWN FREE OF TAX: FOR U.S. HOSPITAL, SCIENTIFIC, OR EDUCATIONAL USE			39. DESTROYED	
15. WITHDRAWN WITHOUT PAYMENT OF TAX: FOR ADDITION TO WINE	Include on wine report		40. DUMPED FOR FURTHER PROCESSING	
16. FOR EXPORTATION & TRANSFER TO C.B.W.			41.	
17. TRANSFERRED TO PRODUCTION ACCOUNT FOR REDISTILLATION			42. IMPORTED RUM	
18. WITHDRAWN FOR RESEARCH, DEVELOPMENT, OR TESTING (Including Gov. samples)	Samples/testing		43.	
19. DESTROYED	Covered under consent of surety then no approval		44. RECORDED LOSSES	19.561 breakage
20. USED FOR REDISTILLATION	Redistillation		45. INVENTORY SHORTAGES	19.561 & 19.565; Must be taxpaid
21.			46. ON HAND END OF MONTH	
22. IMPORTED RUM			47. TOTAL - LINES 32 THROUGH 46	Must equal line 31 above
23.				
24. LOSSES				
25. ON HAND END OF MONTH				
26. TOTAL - LINES 9 THROUGH 25	Must equal line 8 above			

Alcohol and Tobacco Tax and Trade Bureau

PART III - PUERTO RICAN AND VIRGIN ISLANDS SPIRITS (RUM) AND "OTHER" IMPORTED RUM ¹					
48. PROOF GALLONS REMOVED TAXPAID OR TAX DETERMINED (27 CFR 19.776)		(a) PUERTO RICAN SPIRITS	(b) VIRGIN ISLANDS SPIRITS	(c) "OTHER" IMPORTED RUM	
IMPORTED RUMS					
PART IV - PROCESSING OF BEVERAGE (Nonindustrial use) SPIRITS					
KIND	BULK SPIRITS DUMPED INTO PROCESSING ² (Whole proof gallons)	BOTTLED - IMPORTED ³ (Whole proof gallons)	BOTTLED (Excluded bottled in bond and export) (Whole wine gallons)	BOTTLED IN BOND ⁴ 27 CFR 5.42(b) (Exclude export) (Whole wine gallons)	BOTTLED FOR EXPORT (Whole wine gallons)
(a)	(b)	(c)	(d)	(e)	(f)
49. ALCOHOL AND NEUTRAL SPIRITS (Other than vodka)					
50. BLENDED STRAIGHT WHISKEY ⁵					
51. BLENDED WHISKEY: a. With neutral spirits ⁶ b. With light whiskey ⁷					
52. BLENDED LIGHT WHISKEY ⁸					
53. ANY OTHER BLENDS OF 100% WHISKEY					
54. IMPORTED WHISKEY: a. Scotch b. Canadian c. Irish and Others					
55. DOMESTIC WHISKEY DISTILLED AT 160° AND UNDER					
56. DOMESTIC WHISKEY DISTILLED AT OVER 160°					
57. BRANDY DISTILLED AT 170° AND UNDER					
58. BRANDY DISTILLED AT OVER 170°					
59. SPIRITS (Rum) ⁹ a. Puerto Rican b. Virgin Islands					
60. RUM a. Domestic b. "Other" imported					
61. GIN					
62. VODKA					
63. CORDIALS, LIQUEURS AND SPECIALTIES ¹⁰					
64. COCKTAILS AND MIXED DRINKS					
65. TEQUILA					
66.					
67. TOTAL - LINES 49 THROUGH 66					

UNDER PENALTIES OF PERJURY, I DECLARE that I have examined this report and, to the best of my knowledge and belief, it is a true and complete report.

DATE _____ PROPRIETOR _____ BY (Signature and Title) _____

¹Only products containing at least 92% RUM should be recorded at line 48(a) and (b) and at lines 59 a and b.
²Do not include spirits that have been previously reported as dumped on dump/batch records and returned in processing (27 CFR 19.378)(2).
³Include spirits from Puerto Rico and Virgin Islands. Imported spirits that are not allowed to be labeled as a product of a foreign country, Puerto Rican or Virgin Islands spirits under 27 CFR Part 5 must be reported as domestic spirits.
⁴Bottled in bond spirits are those that conform to the standard prescribed by 27 CFR 5.42(b) and are labeled with the words "bond", "bottled in bond", "aged in bond", or similar phrases. Do not include imported spirits.
⁵Blends of straight whiskies, all of which are 2 years old or older; no neutral spirits; no light whiskey.
⁶Blended whiskey, containing at least 20% straight whiskey, and the balance, neutral spirits.
⁷Blended whiskey containing at least 20% straight whiskey, and the balance, light whiskey.
⁸Light whiskey blended with more than 2% but less than 20% straight whiskey; no neutral spirits.
⁹Includes flavored whiskies, gins, vodkas, brandies, etc.
¹⁰Includes flavored whiskies, gins, vodkas, brandies, etc.

TTB F 5110.28 (5/2005)



Processing (Denaturing) Operations: TTB F 5110.43

- If you are a beverage or industrial plant with the operation to denature spirits and/or manufacture articles on your permit and registration, TTB requires that you file this report each month.
- You must denature the product and then manufacture an article from the denatured alcohol.
- If you do not have activity during any month, you must still file the report showing zeros.

Alcohol and Tobacco Tax and Trade Bureau

DEPARTMENT OF THE TREASURY ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (TTB) MONTHLY REPORT OF PROCESSING (DENATURING) OPERATIONS						OMB No. 1513-0049 (09/30/2006) MONTH AND YEAR MM/YR	
NAME OF PROPRIETOR NAME			LOCATION OF PLANT ADDRESS			PLANT NUMBER DSP #	
SECTION I - DENATURED SPIRITS						SECTION II - RECOVERED DENATURED SPIRITS AND RECOVERED ARTICLES RECEIVED FOR RESTORATION AND/OR REDENATURATION UNDER 27 CFR 19.683¹ AND RECOVERED DENATURED SPIRITS AND RECOVERED ARTICLES ON MY BONDED PREMISES RECEIVED FOR RESTORATION AND/OR REDENATURATION.	
TRANSACTION (a)	COMPLETELY DENATURED ALCOHOL (b)	SPECIALY DENATURED ALCOHOL (c)	SPECIALY DENATURED RUM (d)	TRANSACTION (a)	RECOVERED DENATURED SPIRITS (b)	RECOVERED ARTICLES (c)	WINE GALLONS
1. On hand first of month	Must agree with on hand at end of previous month			15. On hand first of month			
2. Produced	Amt of denatured spirits produced			16. Received			
3. Rec'd by transfer in bond				17. Increase due to redenaturation			
4.				18.			
5. TOTAL, Lines 1-4	Transferred to dealers/users must have			19. TOTAL, Lines 15-18	Recovered denatured spirits/Articles for restoration and/or Redenaturation		19.683
6. To dis. & users (exc. U.S. & Line 10)	copy of permit			20. Shipped			
7. For use of U.S. (exc. Line 10)	To US Govt			21.			
8. Transferred in bond	Transferred in bond to DSP			22. Losses			
9. For use in mfg. of articles on my bonded premises	Amt used to mfg article			23. On hand end of month			
10. Withdrawn for fuel use	Amt of CDA withdrawn			24. TOTAL, Lines 20-23			
11. Losses	Losses						
12. On hand end of month	End of Month on Hand						
13. TOTAL, Lines 6-13	Amt of SDS/CDA exported 28.151						
SECTION III - WINE GALLONS OF DENATURED SPIRITS WITHDRAWN DURING FISCAL YEAR ENDING JUNE 30, 20__						Under penalties of perjury, I declare that I have examined this report and, to the best of my knowledge and belief, it is a true and complete report of denaturing operations.	
FORMULA NUMBER	COMPLETELY DENATURED ALCOHOL	FORMULA NUMBER	SPECIALY DENATURED ALCOHOL	FORMULA NUMBER	SPECIALY DENATURED ALCOHOL	FORMULA NUMBER	SPECIALY DENATURED ALCOHOL
18	20	22	35-A	44			
19	22	23	38-D				
20	23-A	23-F	37				
TOTAL							
Specially Denatured Alcohol							
1.	23-H	25	38-C				
2-B	25-A	27	38-F				
2-C	27	27-A	39				
3-A	27-A	27-B	39-A				
3-B	27-B	28-A	39-B	XXXXXX	Special Formulas		
4	28-A	29	39-C				
5-B	29	30	39-D				
12-A	30	31-A	40	TOTAL			
13-A	31-A	32	40-A				
17	32	33	40-B	4	Specially Denatured Rum		
18	33	35	40-C				
19	35	42	40-D				

BY (Signature and title)
DATE PROPRIETOR

INSTRUCTIONS
1. Each proprietor of a distilled spirits plant who is authorized to process, including the denaturing of spirits, shall prepare the form in duplicate monthly, forward the original to the Director, National Revenue Center, 650 Main St., Ste 4002, Cincinnati, OH 45202-5215, no later than the 15th day of the month following the month for which prepared, and retain a copy for his or her files.
2. Section III is to be completed only on the report for the month of June or on the Proprietor's final report on permanent discontinuance of business.

FOOTNOTES
*Do not include recovered denatured spirits and articles returned for redistillation under 27 CFR 19.683. Such products should be reported on TTB F 5110.40, Monthly Report of Production Operations.
*Do not include denatured spirits transferred in bond to other bonded premises.
*Imported denatured spirits received from Customs custody for fuel use should be reported separately on line 4.

TTB F 5110.43 (5/2005)

Distilled Spirits Claims



DSP Claims

- There are several types of claims which may be filed by the proprietor of DSP. All claims must be signed by someone with appropriate signing authority. All signatures must be original.
- Claims are filed on TTB Form 5620.8.

Alcohol and Tobacco Tax and Trade Bureau

OMB No. 1513-0030 (08/12/04)

DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (TTB)
CLAIM - ALCOHOL AND TOBACCO TAX AND TRADE BUREAU TAXES
(File in duplicate with the Alcohol and Tobacco Tax and Trade Bureau)

FOR TTB USE ONLY
CLAIM NUMBER

PART I. TO BE FILLED IN BY CLAIMANT.

1. THIS CLAIM IS FILED UNDER THE PROVISIONS OF 27 CFR. (Enter applicable section of regulations, such as 63.270-283, 285-173. See www.tta.baa.gov)

2.

<input type="checkbox"/> REMISSION OF TAX	<input type="checkbox"/> ALLOWANCE OF CREDIT FOR TAX	<input type="checkbox"/> ABATEMENT OF TAX
<input type="checkbox"/> ALLOWANCE OF LOSS	<input type="checkbox"/> ALLOWANCE OF TAX	<input type="checkbox"/> REFUND OF TAX
<input type="checkbox"/> DRAWBACK-MINBP	<input type="checkbox"/> DRAWBACK-EXPORT	<input type="checkbox"/> OTHER (Specify)

3. NAME AND ADDRESS OF CLAIMANT (Telephone number and e-mail address optional)

4. EMPLOYER IDENTIFICATION NUMBER

5. PLANT, LICENSE OR PERMIT NUMBER

6. KIND OF TAX

7. PERIOD, IF SPECIAL TAX OR MINBP (mm/dd/yyyy)
FROM TO

8. AMOUNT OF TAX CLAIMED

9. DATE OF PAYMENT

10. BASIS OF CLAIM (Give the detailed information required by the applicable regulations under which the claim is filed and any other facts which will tell the reviewing official of the exact basis for the claim. Please identify any documents or statements submitted in support of the claim.)

(Attach letter size sheets if more space is required)

Under the penalties of perjury, I declare that I have examined this claim, including supporting documents and statements, and to the best of my knowledge and belief, it is true, correct and complete.

11. SIGNATURE (Type or print name and title under or beside signature)

12. DATE

TTB F 9420-B (5/2005)

Reg relating to type of claim →

Type of claim →

Name & Address →

EIN ←

DSP Number ←

Distilled spirits excise ←

Amount of tax claimed ←

INFORMATION REQUIRED BY TYPE OF CLAIM



Types of Claims

1. Return to Bond
2. Remission of Tax
3. Abatement of Tax
4. Refund or Credit of Tax
5. Export Drawback

Alcohol and Tobacco Tax and Trade Bureau



Return to Bond Claim

- 27 CFR 19.681
- This claim is filed when taxpaid spirits are returned to bonded premises for one of the following purposes:
 - Spirits may be returned to the bonded premises of any distilled spirits plant.
 - Filed within 6 months of the return of the spirits to the bonded premises, by the proprietor of the plant to which the spirits are returned.
 - Must contain a response to all items listed in 27 CFR 19.42.

Alcohol and Tobacco Tax and Trade Bureau



Return to Bond Claim (Cont'd)

- 27 CFR 19.681
- Reasons to file claim:
 - Destruction (destroyed –no product remains)
 - Denaturation (made unfit for beverage consumption SDA/CDA)
 - Redistillation (run through distilling equipment again)
 - Reconditioning (dumped then filtered, clarified, stabilized, or reformulated)
 - Rebottling (dumped then bottled or packaged)



Alcohol and Tobacco Tax and Trade Bureau



Remission of Tax Claim

- 27 CFR 19.41
- Asks for the removal of the liability of tax from the distilled spirits plant
- Filed when there has been a loss or destruction of spirits on bonded premises or in transit to the bonded premises
- Taxes become due on these spirits unless a claim for remission of tax is filed and approved
- The proprietor must establish that the loss or destruction was not due to negligence, connivance, collusion, or fraud by any related parties in the transaction

Alcohol and Tobacco Tax and Trade Bureau



Remission of Tax Claim Examples

Examples of losses or destruction for which remission of tax claim would be filed include:

1. Too much product is pumped into a storage tank. The excess spills onto the floor and down the drain before employees can shut off the pump. More than 1.5 percent of the total alcohol is lost.

Alcohol and Tobacco Tax and Trade Bureau

2. Spirits are in transit from one DSP to a second DSP as a transfer in bond. Before the spirits reach the second plant, the truck is involved in an accident and the spirits spill all over the roadway and are lost.

- 27 CFR 19.43
- Filed to abate or reverse the tax liability assessed against the proprietor of a distilled spirits plant.
- This claim would be filed if TTB had entered a tax assessment and the proprietor of the DSP believes the assessment has been entered in error.
- The proprietor must show proof why the assessment is in error.



Refund or Credit Claim

- 27 CFR 19.45
- Filed whenever the proprietor of a DSP believes an overpayment of tax has been submitted to TTB.
- Any DSP who submits excise tax returns and pays excise tax may file a claim for credit instead of a refund.
 - If a claim for credit is approved, the proprietor of the DSP may show the approved amount of the claim on an Excise Tax Return (TTB Form 5000.24) under Schedule B for decreasing adjustment.

Alcohol and Tobacco Tax and Trade Bureau



Refund or Credit Claim (Cont'd)

- If an EFT or ACH taxpayer files a claim for refund of tax, they will receive an electronic payment in the approved amount of the claim, directly to the financial account on record.
- If a claim for refund is filed and approved and the taxpayer does not file EFT or ACH, they will receive a check by mail in the approved amount.

Alcohol and Tobacco Tax and Trade Bureau



Export Drawback Claim

- 27 CFR 19.24
- Filed on TTB Form 5110.30 when taxpaid spirits are removed for export.
- **Proof of export must be submitted before the claim can be processed.**
- The claim portion must be completed and filed by the bottler or packager. However, the actual exporter must also complete certain portions of the form.

Alcohol and Tobacco Tax and Trade Bureau



Disaster Claims

- The IRC allows for certain disaster claims to be made by industry members that are **holding taxpaid products for sale at the time the disaster strikes.**
- 26 U.S.C. 5064(a) – Allows for payment without interest an amount equal to the taxes paid on distilled spirits lost, rendered unmarketable, or condemned by a duly authorized official by reason of:
 - Fire, flood, casualty or other disaster, or
 - Breakage, destruction or other damage (not including theft) resulting from vandalism or malicious mischief.

Alcohol and Tobacco Tax and Trade Bureau

- The payments shall be made to the person holding such spirits for sale at the time of disaster.
- Claims must be filed within six months and the claimant must prove he was not indemnified by insurance or otherwise in respect to the tax.
- Filing deadline can be extended for some instances, i.e., Presidentially declared disaster.

- Discussed the excise taxes and returns and the importance of filing and paying timely
- Explained what happens if you don't file/pay timely
- Discussed the Distilled Spirits Accounts
- Gave information on completing daily/monthly reports
- Explained the different DSP Claims that can be filed with the National Revenue Center



Contact Us at the NRC

- Please contact your NRC Specialist in the Spirits Tax Unit at:
- Mail:
TTB, NRC
Federal Office Bldg, Rm 8002,
550 Main Street,
Cincinnati, OH 45202
- Phone: 1-877-882-3277

Alcohol and Tobacco Tax and Trade Bureau