



TTB Workshop

CIDERCON 2018

JANUARY 31, 2018



Agenda

Time	Subject	Speaker
12:00 to 12:30	Cider Overview	Kara Fontaine
12:30 to 12:45	Permit Applications	Kim Briedis
12:45 to 1:30	Recordkeeping	Martha Tebbenkamp
1:30 to 2:20	Operational Reports and Tax Returns	Martha Tebbenkamp
2:20 to 3:00	Formulas	Stephen Robey
3:00 to 4:00	Labels	Nicole Candelora



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.



Status of 2017 Changes to Hard Cider Tax Class

- On December 5, 2017, we published a [temporary rule](#) delaying for one year (from January 1, 2018 to January 1, 2019) the requirement that wine taxed at the hard cider tax rate be labeled with the statement "Tax class 5041(b)(6)"
- We also published a [notice](#), reopening the comment period on both the delayed labeling requirement and on other proposed regulatory amendments
- Comment period closes February 5, 2018
- You may view copies of all hard cider-related rulemaking documents and all comments received on them on the [Regulations.gov](#) website within [Docket No. TTB-2016-0014](#)



Status of 2018 Changes to Wine Tax

Craft Beverage Modernization and Tax Reform

- On December 22, 2017, the President signed into law the [Tax Cuts and Jobs Act](#), which makes extensive changes to the Internal Revenue Code of 1986 (IRC)
- Those changes were effective January 1, 2018
- TTB is currently assessing the impact of these changes on TTB forms, regulations, and systems, and will publish guidance and information as it becomes available
- See <https://www.ttb.gov/what-we-do/taxes-and-filing/tax-reform-cbmtra> for the latest information

Cider Overview

KARA FONTAINE
PROGRAM MANAGER – WINE
REGULATIONS AND RULINGS DIVISION

What are Cider and Perry?

Which Federal Laws and Regulations apply?

Which Federal Agencies have Jurisdiction over it?





What is Cider?

The term cider is often used in a general way to cover a variety of different products





How Does TTB Define Cider and Perry?

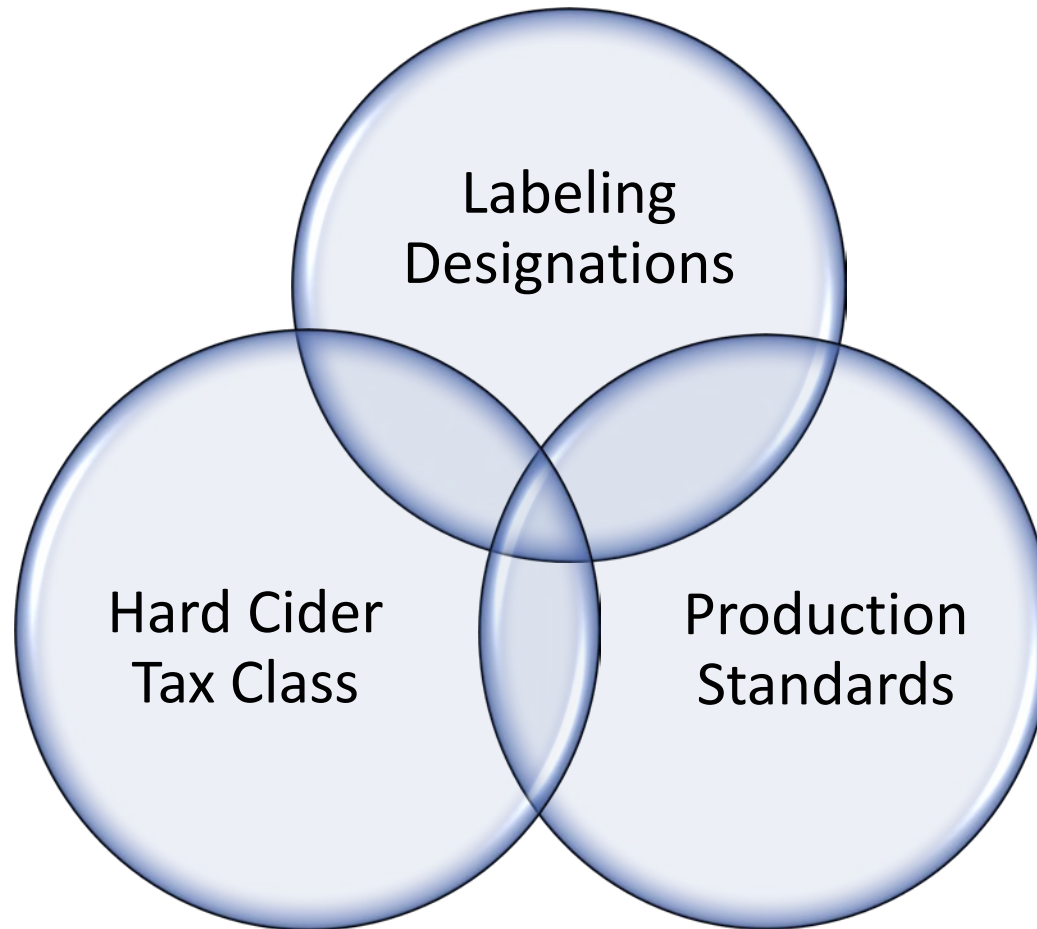
The words “cider” and “perry” only appear in a few places in TTB regulations

Yet cider and perry products made and sold as alcohol beverages are extensively regulated

Since “cider,” “perry” and “hard cider” are defined in TTB regulations we’ll use “cider and perry products” as umbrella terms

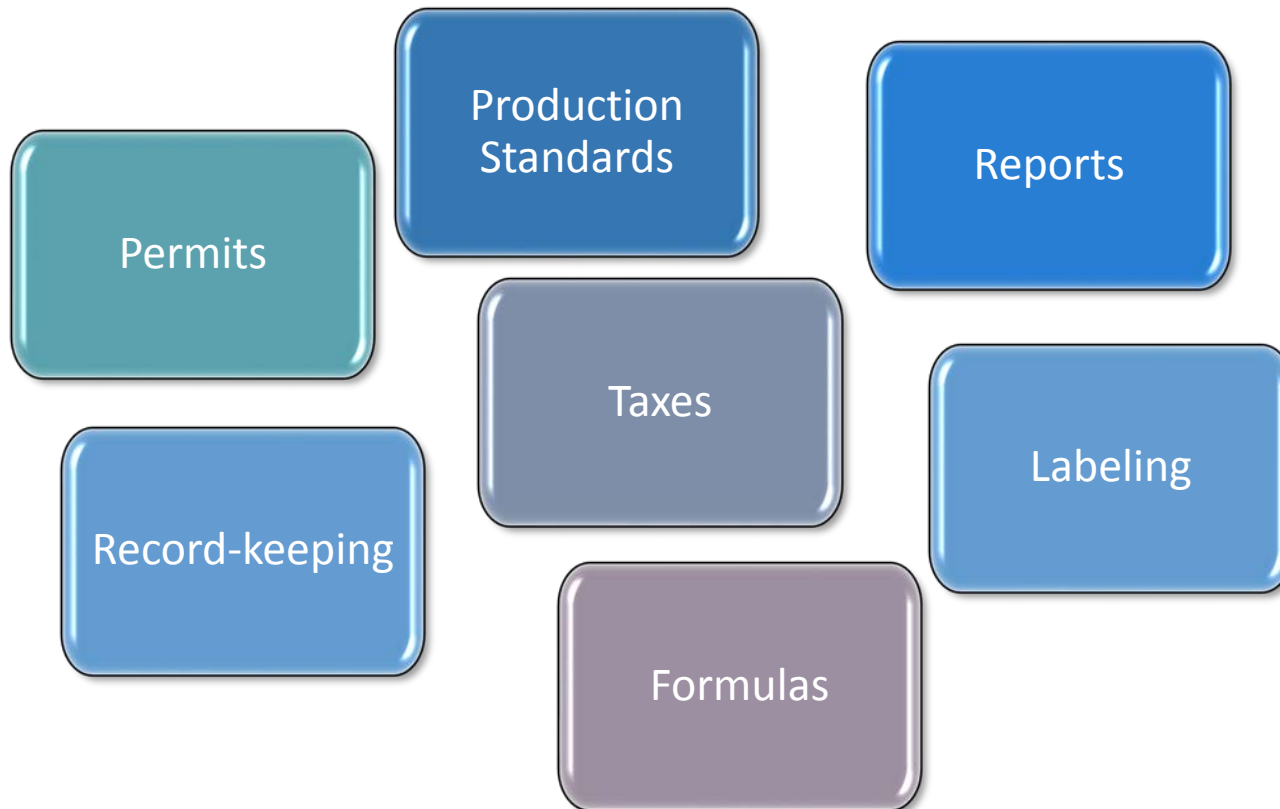


How Does TTB Define Cider and Perry Products?



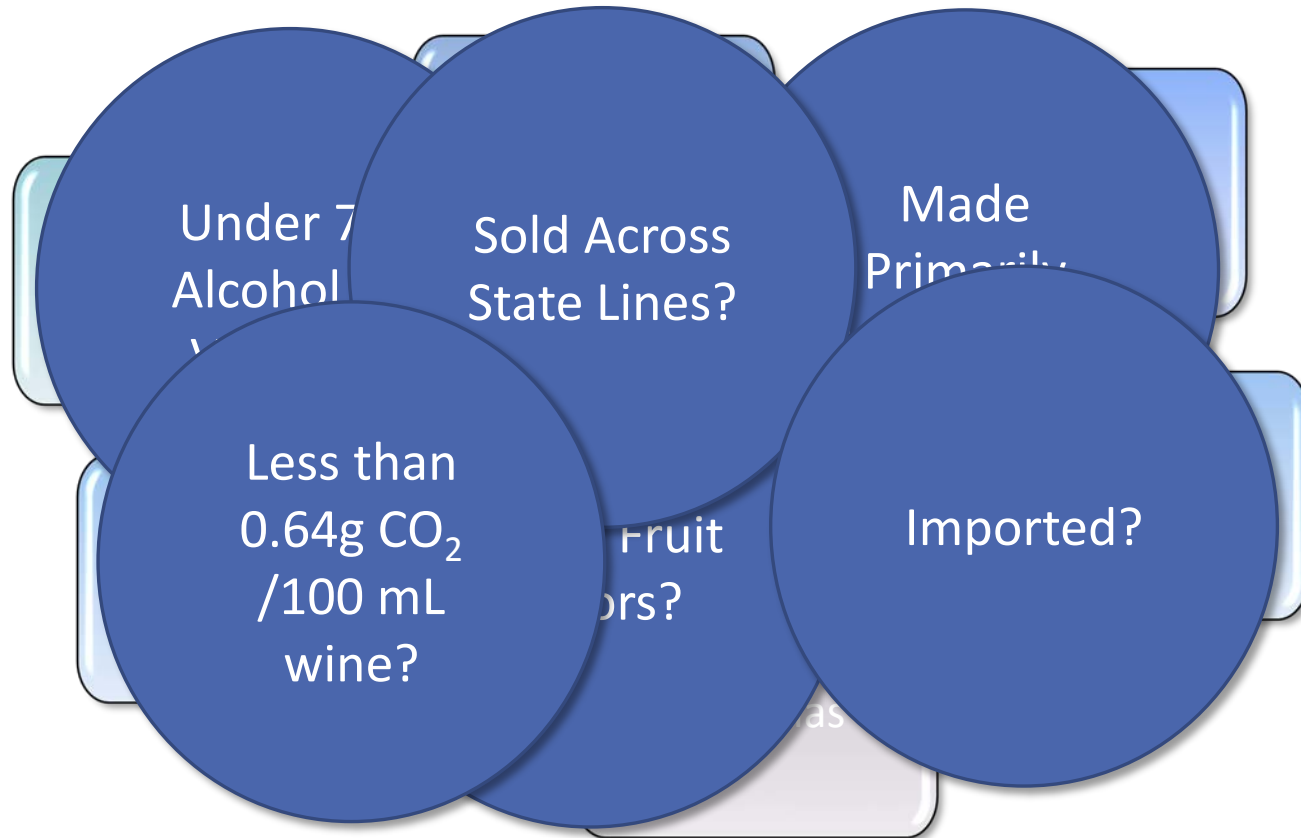


How Does TTB Regulate Cider and Perry Products?





How Does TTB Regulate Cider and Perry Products?





How Does TTB Regulate Cider and Perry Products?

In order to understand which requirements you need to follow for your cider/perry products you need to have an understanding of how they fit into the Federal legal framework



How Does TTB Regulate Cider and Perry Products?

Cider/perry products are regulated under up to 3 different laws that are enforced by TTB and even more TTB regulatory parts (CFR)

- Internal Revenue Code
- Federal Alcohol Administration Act
- Alcoholic Beverage Labeling Act



It's an Alcohol Beverage

Cider and perry products containing at least 0.5% and alcohol by volume are taxed as alcohol beverages under the Internal Revenue Code of 1986 (IRC)

Alcohol and Tobacco Tax and Trade Bureau



It's Wine

Cider and perry products are regulated by TTB as **wine** under Chapter 51 of the IRC

TTB's IRC regulations governing wine are:

- [27 CFR part 24](#) (domestic)
- [27 CFR part 27](#) (imports)



IRC Requirements for Wine

- Qualification/Registration of Bonded Wine Premises
- Production Requirements
- Formulas (for some)
- Recordkeeping/Reports
- Taxes
- Basic labeling/marketing
- Other requirements



Fruit-Based Wine Classifications in Part 24

For production purposes, part 24 subdivides wine into Standard wine and Other than Standard wine

Cider/perry products may be either one, depending on how they are made

Cider/perry products that are Standard wine may be either

- Natural wine
- Special Natural wine



Why Does it Matter?

The IRC classification of cider/perry as a *Natural wine*, a *Special Natural wine*, or an *Other than Standard wine* affects how it can be made and whether a formula is required, but it does not affect the tax rate



Tax Classification

In general, the tax classification of cider and perry products is determined by:

- Alcohol content
- Level and origin of carbon dioxide
- Ingredients used



Tax on Wine for 2018 and 2019*

Tax Class	Wines Gallons Per Calendar Year			
	First 30,000	Over 30,000 up to 130,000	Over 130,00 up to 750,000	Over 750,000
Still Wine				
16% and under alcohol by volume (0.392g CO ₂ /100mL or less)	\$0.07	\$0.17	\$0.535	\$1.07
Over 16 - 21% alcohol by volume (0.392g CO ₂ /100mL or less)	\$0.57	\$0.67	\$1.035	\$1.57
Over 21 - 24% alcohol by volume (0.392g CO ₂ /100mL or less)	\$2.15	\$2.25	\$2.615	\$3.15
Mead No more than 0.64g CO ₂ /100mL; derived solely from honey and water; containing no fruit product or fruit flavoring; and containing less than (not equal to) 8.5% alcohol by volume	\$0.07	\$0.17	\$0.535	\$1.07
Low alcohol by volume wine No more than 0.64g CO ₂ /100mL; derived primarily from grapes or from grape juice concentrate and water; containing no fruit product or fruit flavoring other than grape; and containing less than (not equal to) 8.5% alcohol by volume	\$0.07	\$0.17	\$0.535	\$1.07

*Additional rules apply. See the text of the implementing law for full details.



Tax on Wine for 2018 and 2019*

Tax Class	Wines Gallons Per Calendar Year			
	First 30,000	Over 30,000 up to 130,000	Over 130,00 up to 750,000	Over 750,000
Artificially Carbonated Wine				
Over 0.392g CO ₂ /100mL - injected or otherwise added	\$2.30	\$2.40	\$2.765	\$3.30
Sparkling Wine				
Over 0.392g CO ₂ /100mL - naturally occurring	\$2.40	\$2.50	\$2.865	\$3.40
Hard Cider				
No more than 0.64g CO ₂ /100mL; derived primarily from apples/pears or apple/pear juice concentrate and water; containing no other fruit product or fruit flavoring other than apple/pear; and containing at least 0.5% and less than (not equal to) 8.5% alcohol by volume	\$0.164	\$0.17	\$0.193	\$0.226

*Additional rules apply. See the text of the implementing law for full details.



“Hard Cider” Tax Class

Although the definition of wine eligible for the Hard Cider tax class *looks* like a production or labeling standard, it is **NOT**

Some cider/perry products paid at the Hard Cider tax rate cannot be labeled simply “Hard Cider,” “Perry,” or “Cider”



Tax-Exempt Cider*

The IRC defines a narrow category of cider that is not subject to tax

To qualify, this cider must meet all of the conditions of the law and regulations:

- Produced solely from the noneffervescent fermentation of apple juice without the use of any preservative method or materials;
- Produced at a place other than a bonded wine premises; and
- Sold or offered for sale as cider, and not as wine or a substitute for wine

This exemption typically applies to cider produced by farmers and sold at roadside stands

*When we discuss “cider products” in this presentation, we are not referring to tax-exempt cider

[26 U.S.C. 5042\(a\)\(1\)](#) and [27 CFR 24.76](#)



Labeling of Cider/Perry Products

There are 3 laws enforced by TTB and at least 4 TTB regulatory parts that you may have to follow, depending on multiple factors

FDA food labeling may be required

CBP import labeling may also be required



IRC Labeling of Cider/Perry Products

There are IRC labeling and marking requirements found in part 24 that apply to all cider/perry products removed from U.S. wine premises

These are the primary TTB rules for labeling cider/perry products with less than 7% alcohol by volume or those covered by a Certificate of Exemption from Label Approval

Tax class labeling statement for wine taxed as hard cider - Effective 2019

[27 CFR 24.257](#)



Cider/Perry Products with 7% or more Alcohol by Volume

Federal Alcohol Administration Act (FAA Act) 27 U.S.C. 201-211 defines wine as having 7-24% alcohol by volume

Implementing regulations are found in 27 CFR parts [1](#), [4](#), [6](#), [8](#), [10](#), [11](#), and [13](#) cover issues such as:

- Labeling
- Certificate of Label Approval (COLA)
- Qualification (Basic Permit)
- Advertising
- Trade Practices
- Labeling Proceedings



Fruit-Based Wine Classifications in Part 4

For labeling purposes, part 4 subdivides wine into 9 classes, including class 5: Fruit Wine

Wine that does not fit into any of the 9 classes is commonly called a wine specialty product

Cider/perry products may be classified as either one under part 4, depending on how they are made



“Cider” or “Perry” Labeling Designations in Part 4

Fruit wine, [27 CFR 4.21\(e\)\(5\)](#), is produced by the normal alcoholic fermentation of the juice of sound, ripe fruit, with prescribed limitations for addition of sugar and water for amelioration, and with or without added fruit brandy or alcohol

- If fermented from more than one fruit, must be labeled with a truthful and adequate statement of composition
- May be designated as “apple wine” or “cider” if derived wholly (except for sugar, water, or alcohol) from apples
- May be designated as “pear wine” or “perry” if derived wholly (except for sugar, water, or alcohol) from pears



“Cider” or “Perry” Labeling Designations in Part 4

Wine specialty products do not fit into any of the Standards of Identity 27 CFR 4.34(a) and must be labeled with a truthful and adequate statement of composition

- When adding flavors, colors, or spices
- Blending apple/pear wine with another fruit wine



Labeling Cider/Perry Products under 7% Alcohol By Volume

Wines containing less than 7 percent alcohol by volume are not subject to the labeling requirements of the FAA Act

Instead, those wines must comply with applicable FDA food labeling and packaging requirements, including ingredient labeling, nutrition labeling, and allergen labeling requirements



Government Health Warning Statement

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!



Legal Recap

Alcohol content	Internal Revenue Code 27 CFR part 24 (domestic) 27 CFR part 27 (imports)	Alcoholic Beverage Labeling Act 27 CFR part 16 Government Health Warning	Federal Alcohol Administration Act 27 CFR parts 1 and 4 (and others)	FDA Labeling and Packaging Regulations	CBP Regulations (imports)
	TTB	TTB	TTB	FDA	CBP
0.5% - < 7%	X	X		X	X
7% - 24%	X	X	X		X



Cider/Perry Products Recap

Cider/Perry products with at least 0.5% alc/vol:

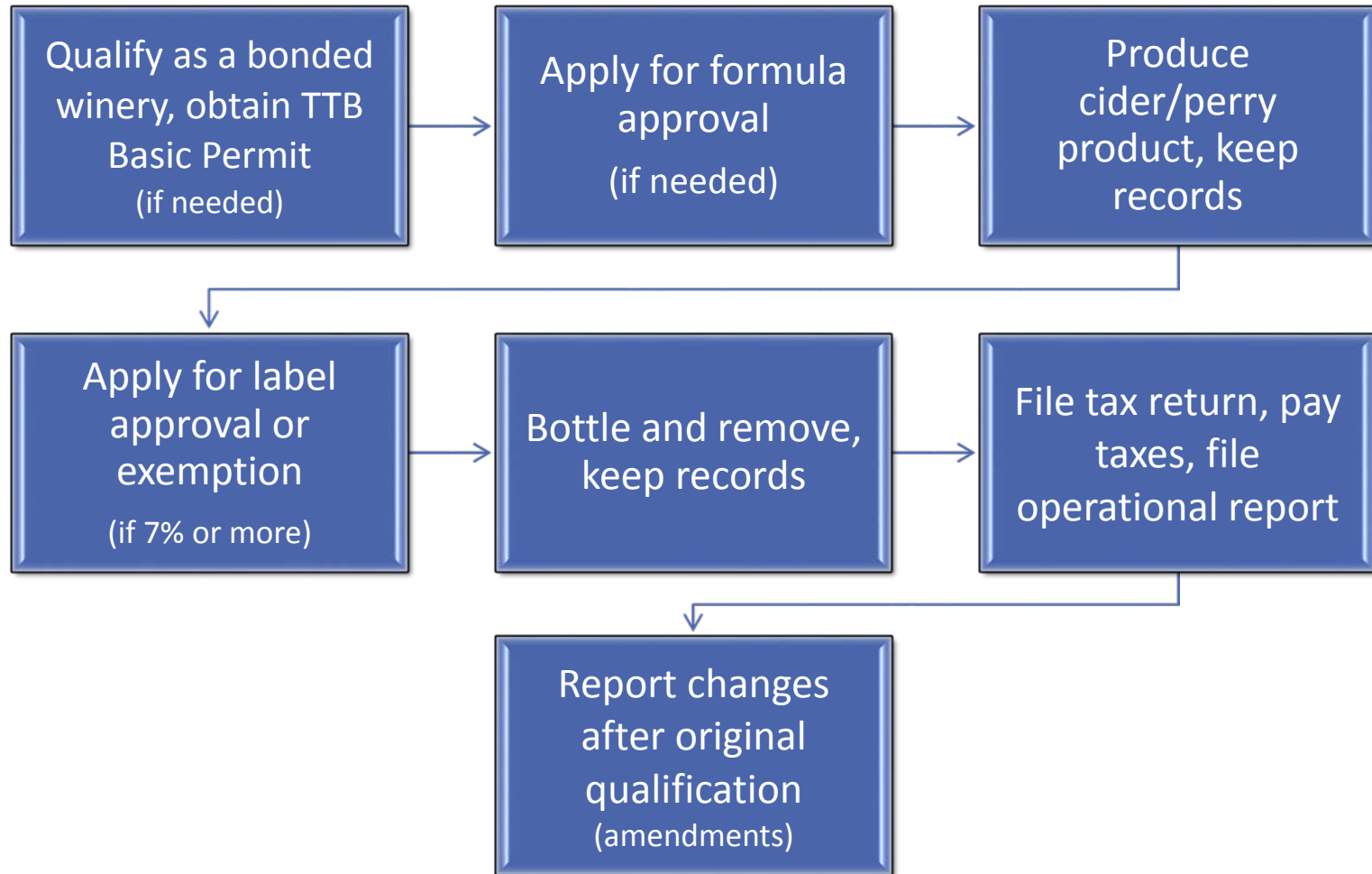
- Regulated as wine
- Must be made at qualified bonded wine premises
- May be eligible for the Hard Cider tax rate
- May require formula approval
- Must be labeled in compliance with:
 - 27 CFR part 16 – Government Health Warning Statement
 - 27 CFR part 24 – (domestic, including <7% alc/vol or covered by Cert. of Exemption)
 - 27 CFR part 27 – (imports eligible for the Hard Cider tax class)
 - 27 CFR part 4 – (7% or more alc/vol and covered by Cert. of Label Approval)
 - FDA labeling & packaging regulations (<7% alc/vol)
 - U.S. Customs regulations (imported)

What Should I Do First?





The TTB Process





Questions?

Qualification as a Winery (Cidery)

KIM BRIEDIS
PROGRAM ANALYST



Before You Apply

You must be able to produce in a reasonable amount of time

You must have a securable building

You may have a production area in your residence, with proper segregation

If a bond is required and you are using a surety bond, obtain an executed bond



Apply Online



Permits Online is a secure, web-based system that facilitates and streamlines the online submission, routing, and internal processing of original and amended applications



Permits Online

- Self registration
- Streamlined online application submission process
- Step by step guidance through Online Help
- Online document submission
- Ability to search applications and check application status online 24 X 7
- Receive application notifications through e-mail
- Access approved documents electronically



Cider Application

REASON FOR THE APPLICATION
Indicate whether this Original Application is being filed due to a New Business, a Change of Proprietorship, or a Change in General Partner(s) by checking the appropriate box.

New Business: * ☒

Change of Proprietorship - Ownership: * ☐

Change of General Partner(s): * ☐

Permit Number(s) of Predecessor:

Registry Number(s) of Predecessor:

Name and Address of Predecessor:

APPLICATION INFORMATION
This information pertains to your business organization and the timing of commencement of your proposed operations.

* Type of Organization:

State Where Incorporated/Organized:

Start Date for New Business Upon Approval by TTB: * ☒

Date of Change:

APPLICATION TYPE
Please select the ? next to each Application Type before making your selection to ensure you are choosing the correct one. If the application is submitted with an incorrect Application Type, you will have to re-apply to correct this error.

Bonded Winery - Full Operations: * ☒

Bonded Wine Cellar - Storage ONLY: * ☐

Bonded Wine Cellar - Blender: * ☐

Bonded Winery - Blending and Production under 7% alcohol: * ☐

Tax Paid Wine Bottling House: ☐

Cider Producer - Under 7% Alcohol Only: * ☐

Select “Bonded Winery – Full Operations” if you plan to produce cider with an alcohol content of 7% or higher

Select “Cider Producer – Under 7% Alcohol” if you only plan to produce cider with an alcohol content of less than 7%



Alternating Premises

ALTERNATION OF PREMISES

Select "Add a Row" for each additional commodity type (under the same ownership) being conducted at this location alternating the use of the premises.

*** Type of Alternating Operation:**

--Select--

Bonded Wine Cellar

Bonded Wine Cellar - Blender

Bonded Winery - Blending Wine

Bonded Winery - Producing and Blending Wine

Bonded Winery

Brewery

Distilled Spirits Plant

Taxpaid Wine Bottling House

*** Are you alternating with another entity?:**

☐ Yes ☐ No

If yes, Registry Number:

*** If yes, Name of Alternator:**

Some Permissible Alternations for Bonded Wineries:

- Brewery
- Distilled Spirits Plant
- Taxpaid Wine Bottling House



Alternating Premises

If both operations are new, original applications for each type of operation should be submitted simultaneously

If the winery/cidery operation already exists, an amended application to add the alternation operation should be submitted



Alternating Premises

Required:

1. Lease – must allow for the activity
2. Diagram – must show designated areas
3. Evidence of existing bond, TTB F 5000.18 – Change in Bond (Consent of Surety), or new bond covering the alternation – **if required**
4. Notice of Alternation (Brewery Only)
5. Physical segregation between operations



Is a Bond Required?

Step 3: Business Information > Business Info & Documents

* indicates a required field.

Application Information

WINERY INFORMATION

I am required to furnish a bond because my tax liability will exceed \$50,000 this calendar year and/or I will be removing wine for industrial use: ☐

I am not required to furnish a bond because my tax liability will not exceed \$50,000 this calendar year and/or I will not be removing wine for industrial use: ☐



Premises Description

* Describe each Tract of Land by using directions and distances:	<input type="text"/>
* Describe the Wine Premises Security:	<input type="text"/>
* Describe any Taxpaid Wine Storage:	<input type="text"/>
* Is your winery in a Residential Building?:	<input type="text"/>
* Describe any Alternating Premises (if applicable):	<input type="text"/>
* Describe each Wine Premises Building: Provide size, construction, use and location of doors and windows.:	<input type="text"/>
* If you are applying as a Bonded Wine Cellar or Taxpaid Wine Bottling House, would you agree to the listing of your name by TTB that may be distributed to the general public upon request:	<input type="text" value="--Select--"/>



Premises Description

* Describe any operation which will include spirits:



* Describe any Volatile Fruit-Flavor Concentrate Operations produced:



* Describe any other operations you plan to conduct on the wine premises and equipment to be used:



Cider Producer - Under 7% Alcohol:

☐



Required Documents

<http://www.ttb.gov/ponl/permits-online-required-documents.shtml>

Attachment

Click "Browse" to search your computer for each of the required documents that need to be uploaded. Completing this section will require you to have previously saved each document on your computer.

Users running Apple OS X 10.6.8 or later should click [here](#) for instructions to provide their supporting documents.

WARNING: You will be required to select a document "TYPE" and "Description" of each uploaded document. You **MUST** select the **SAVE** button at the bottom of this screen **BEFORE** clicking the Continue Application button to ensure all the uploaded documents are successfully attached to your application.

Attachment List
Files can be up to 16MB in size. Acceptable file types include .doc, .docx, .pdf, .jpg, .xls, .xlsx

Name	Type	Size	Date
No records found.			



Attachment

Click "Browse" to search your computer for each of the required documents that need to be uploaded. Completing this section will require you to have previously saved each document on your computer.

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Name	Type	Size	Date	Action
Amended Articles of Incorporation.docx	Amended Articles of Incorporation	12.36 KB	01/06/2015	Actions ▼
Bond Form.docx	Bond Form	12.34 KB	01/06/2015	Actions ▼
Articles of Incorporation.docx	Articles of Incorporation	12.36 KB	01/06/2015	Actions ▼

Save and resume later:

*** Type:**
Bond Form ▼

File:
Bond Form.docx

*** Description:**
BOND



Submission of Application

Review everything before submitting

Be sure all required forms are uploaded/ attached



Processing Times

<https://www.ttb.gov/nrc/statistics-original-applications-to-operate>

Processing times can be found on TTB.gov

Current processing times for Bonded Wineries are about 62 days (December 2017)





After Submission

Check your application
status

Upload additional
documents

Home | Alcohol Permits & Registrations | Tobacco Permits & Firearms Registration

[Create a New Application](#) | [Search Your Applications](#)

Record 2014-BWNP-02520-O:
Bonded Winery, Producing and Blending Wine [Add to collection](#)

Premise Location:

123 main ST
Cincinnati OH 45202-1234

Record/Application Details

Business Name:
98-7654987 / Kim's Consulting
▶ [More Details \(Click arrow to view details\)](#)

▶ [Cash Bond Payments](#)

▶ [Inspections](#)

▶ [Status \(Click arrow to view details\)](#)

▶ [Supporting Documents and Attachments \(Click arrow to view details\)](#)

▶ [Related Records/Applications \(Click arrow to view details\)](#)

▶ [Valuation Calculator](#)

▶ [Trust Account Information](#)



Permits Online Updates

The next version of Permits Online will be released late spring/early summer 2018

- Introduces application “wizards”
- Divides the applications into Business Entity and Commodity Operations (permits)
- Allows multiple amendments to be filed simultaneously



Questions?

Recordkeeping

MARTHA TEBBENKAMP
FIELD INVESTIGATOR
TRADE INVESTIGATIONS DIVISION



Recap - Two Federal Laws

Internal Revenue Code

- Qualification of cider/wine premises
- Payment of taxes

Federal Alcohol Administration Act

- Basic Permits for qualified applicants
- Labeling and advertising
- Fair trade practices



Internal Revenue Code (IRC)

Applies to all cider and perry products

- Revenue protection
- Premises
- Production
- 27 CFR part 24 (domestic wine premises) and part 27 (imports)





Federal Alcohol Administration Act (FAA Act)

Applies only to wine (including cider or perry products) 7% or more alcohol by volume

- Basic Permits - 27 CFR part 1
- Labeling & Advertising - 27 CFR part 4





Alcoholic Beverage Labeling Act (ABLA)

Applies to any cider or perry products 0.5% alcohol by volume or more

- Health Warning Statement – 27 CFR part 16



Cider is a WINE under IRC

Under the IRC, TTB regulates wines that contain .5% to 24% alcohol by volume

- Producers need a REGISTRY
- Producers are exempt from BOND requirements if
 - they reasonably expect to be liable for not more than \$50,000 in taxes imposed on distilled spirits, wine, and beer for the calendar year
 - were liable for not more than \$50,000 in such taxes in the preceding calendar year, and
 - pay taxes on a semi-monthly, quarterly, or annual basis
 - Applies only to the extent that wine is for nonindustrial use



Bonded Wine/Ciderly Premises

Allowable Operations

- Receive, produce, blend, treat, store, and bottle untaxpaid wine/cider
- Use wine/cider spirits in wine production
- Receive, use, and remove materials for production and treatment of cider
- Prepare, store, and remove commercial fruit products and by-products



Basic Records - IRC

- Records support tax payment
- Records support label claims
- Records flow to the TTB report filed by every plant
- 27 CFR part 24 - Subpart O - Records and Reports
- Most pitfalls can be avoided with good records
- Can be compilation of source documents or a summary



Recordkeeping

Record: what it is, what you did with it

- Materials received and used e.g., apples, pears, treatment materials
- Acid and chemical records
- Cider/perry produced
- Cider/perry received or transferred in bond
- Cider/perry bottled/kegged or removed



Records- General

- Record operations as they occur
- Get and retain source documents
- Accurately ID alcohol content, quantities
- Keep the “pedigree” of the product clear
- Retain for 3 years from last entry
- All records subject to inspection



TTB GOAL

- Verify cider or perry product is properly labeled
- Verify all label claims fully supported
- Verify use of only authorized materials
- Verify advertising, POS materials are appropriate
- Verify any formulas in use are followed



Receipt of Materials

Materials Received and Used: 27 CFR 24.315

Acid Record: 27 CFR 24.318

Sugar Record: 27 CFR 24.317

Chemical Record: 27 CFR 24.320

Spirits Record: 27 CFR 24.316



Other Records May Be Necessary

Effervescent Wine Record: 27 CFR 24.302

There is a requirement at 27 CFR 24.302(k) to record the amount of carbon dioxide in artificially carbonated hard cider or sparkling hard cider

Formula Wine Record: 27 CFR 24.303

Cider or Perry Products Returned to Bond: 27 CFR 24.312

...and others – see 27 CFR 24.301-.323



Bulk Still Wine and Still Hard Cider Record

27 CFR 24.301

- Volume Produced and Method
- Volume Received and Removed
- Volume Used for Tax Class Blends
- Keep by tax class





Bottled/Packed Record

27 CFR 24.308

- Volume
- Tax Class
- Kind
- Results of Fill and Alcohol Tests



Fill and Alcohol Tests

27 CFR 24.255(d) and (e)

- Alcohol test taken before bottling
 - Should agree with alcohol content shown on label
- Fill samples taken at representative intervals
 - Should agree with the stated net contents on the label or bottle



Sample Batch Record

Black and Gold Perfection

Batch # 2015-12

Date	Activity	Tank	Volume	Notes
9/11/2015	Pressed 1800# Kingston Black, juice to tank	12	Approx. 1000 gallons	Brix 23.5, TA .6, <u>ph 2.1</u>
9/12/2015	Pressed 1000 # Golden russet, juice to tank	13	Approx. 500 gallons	Brix 26.2, TA .6, <u>ph 2.1</u>
9/12/15	Rack off <u>tk 12</u> and 13 to <u>tnk 9</u> , inoculate	9	<u>Approx 1100</u> gallons	
9/30/2015	Add 8# bentonite	9	Approx. 1100 gallons	
10/2/2015	Rack & Filter, declare produced, add 20 ppm so2	15	982 gallons	5.02 <u>alc</u> , TA .45
10/10/15	Rack to <u>Tnk 21</u> , Add 20 gallons raspberry Concentrate, blend	21	1002 gallons	<u>Happyberry # 6</u> flavor, formula 15-6 5.6 <u>alc</u>
11/25/15	Bottle 419 12/750 cases, 996.1 gallons	21		3.9 gallon loss COLA 14-28, <u>Alc 5.1</u> Fill 750, 751, 749, 749



Sample Bottling Record

BOTTLING LOG 5/21/14

Product: Raspberry -Apple Ciderator

Packaging: 12/750 XX 24/375__

COLA: 13-6

Tank:BT 3__

Start: 2990g End: 0g Used: 2990g

Cased Bottled: 1252, 6 bottles

Gallons: 2977.8

Bott Loss/Gain: Loss 23.2 g

Fill: 8 am 751

ALC: 6.8

11 am 749

1 pm 750



Removals from Bonded Premises

Untaxpaid removals (subject to regulations)

- Tasting on bonded premises
- Analytical testing/TTB samples
- Family use for some
- Destruction, breakage
- Export out of U.S.



Transfer in Bond Record

27 CFR 24.309

- Bulk or Bottled
- Supporting documents must contain information bottler may want to use (to maintain records and support any label claims)
- Transfer of *unlabeled* bottled cider (“Shiners”) - See FAQ #W8



Sample Transfer in Bond Record

SHIPPING MEMORANDUM

January 10, 2018

From: Martha Orchards

TO: Cold Kiss Storage

221 Main Street

1850 Pear Ave

Spar, Montana 97223

Pruner, MT 66552

BW-MT-12345

BWC-MT-88779

TRANSFER IN BOND

10 cases, 12/750 ml Magnificent Martha Hard Cider, 3 % alc

5 cases, 12/750 ml, Sparkly Lemon Frost, sparkling apple cider

2 cases, 24/375 ml, Apple-Raspberry Cider, 8 % alcohol

Total

Hard Cider 23.7753 gallons

Sparkling 11.88765 gallons

16% and under 4.75505 gallons



Removals from the Bonded Premises

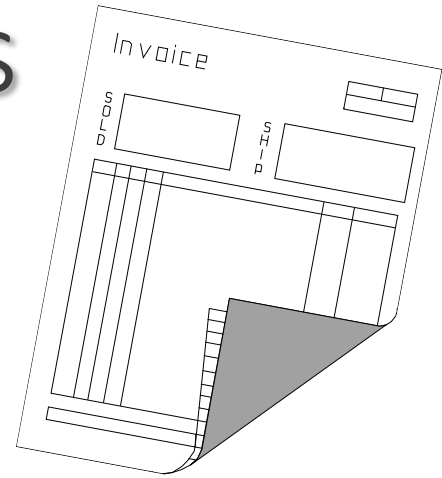
Taxable Removals

- All cider or perry products removed from the bonded premises for CONSUMPTION or SALE
- Includes tastings away from the *bonded* premises, whether on-site or in remote locations



Taxpaid Removals

27 CFR 24.310



- An INVOICE is an acceptable record
- Removals must be summarized daily, by tax class, to the nearest tenth of a gallon in order to be properly tax-determined
- Name and address, Volume, Kind, Alcohol Content
- Taxes are paid Annually, Quarterly or Twice-Monthly



Sample Removal Record

Apple of My Eye Cider
221 Red Delicious way
Grace, ID 99771
BWN-ID-34122

January 4, 2018

INVOICE # 1060

Rather B. Pressing
8220 Orchard Ave
Toppenish WA 77882

Item Description	Quantity	Price Per	Total
Yummy Apple Hard Cider, 7 % ABV	3 cases 12/750 ml	\$40	120
Amazing Apple Sparkling Apple Cider, 11% ABV	1 case 12/750 ml	\$ 50	50
Tasty Apple-Cinnamon Cider, 9% ABV	2 cases 12/750 ml	\$ 45	90
		TOTAL	\$ 360
Hard cider 7.13259 <u>wg</u> Sparkling 2.37753 <u>wg</u> Not over 16 % 4.75506 <u>wg</u>			



Label Information Record

27 CFR 24.314

Must give *sufficient information* for verification by TTB audit

- Receipt Records
- Crush Records
- Fermentation Records
- Storage Records



Inventory Record

27 CFR 24.313

- You must complete annual physical inventory
- Results reported on TTB Form 5120.17 only when a complete inventory is taken
- Unexplained bottled shortages must be taxpaid



Inventory Record Details

27 CFR 24.313

This record must include:

- Description of cider/perry product
- Volume of bulk and bottled cider, totaled separately by tax class
- All pages of inventory record must be consecutively numbered
- Last page must be dated and signed by person with signature authority, under penalties of perjury



Recordkeeping Matters

- Keep By Tax Class
- Keep in liters or gallons
- Retain for 3 years from last entry
- Computerized Records OK

27 CFR 24.300



Minimum Requirements for Computer Records

- The software application must *capture and retain* all required information
- If source records are maintained at the premises, other “computerized records” may be elsewhere (on servers, etc.)
- Any data stored on media or in the cloud must be retrievable within five (5) business days



Questions?

Reports, Returns, and Taxes

MARTHA J. TEBBENKAMP
FIELD INVESTIGATOR
TRADE INVESTIGATIONS DIVISION



Report of Wine Premises Operations

[TTB Form 5120.17](#) or [TTB Form 5120.17sm](#)

- Information from records is reflected here
- Report in GALLONS only
- Filing may be monthly, quarterly or annual
- Filing is ***in addition to*** any state or local reporting
- Paper or Electronic Filing



Top of the Form

TTB P 5120.17 COLOR CODED SAMPLE REPORT OF WINE PREMISES OPERATIONS

OMB No. 1513-0053

DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (TTB)
REPORT OF WINE PREMISES OPERATIONS

PERIOD COVERED (Year Only, or Year & Month, or Year & Quarter)

YEAR (Year) 2010 MONTH (Month) FEB

QUARTERLY: ☐ January to March ☐ July to September
☐ April to June ☐ October to December

OPERATED BY (Name, Address, and Telephone)

Owner Name

Telephone Number: (111) 111-1234

DBA or Operating Name (if any)

Premises Address

VERSION (Select Original or Amended. Select Final also if last report for the business)

☐ Original ☐ Amended ☐ Final Report

EIN

99-9999999

REGISTRY NUMBER



BWC-OH-0000 or BWN-OH-0000

INSTRUCTIONS



Part IV – Materials Received and Used

Cider and perry product records both start here

PART IV - SUMMARY OF MATERIALS RECEIVED AND USED									
ITEM	GRAPE MATERIAL				MATERIALS OTHER THAN GRAPE (Pounds or Gallons)			SUGAR	
	GRAPES		JUICE (Gallons) (c)	CONCENTRATE (Gallons) (d)	 (e)	 (f)		DRY (Pounds) (h)	LIQUID (Gallons) (i)
	UNCRUSHED (Pounds) (a)	FIELD CRUSHED (Gallons) (b)							
1 ON HAND BEGINNING OF PERIOD									
2 RECEIVED									
3 JUICE OR CONCENTRATE PRODUCED									
4 TOTAL									
5 USED IN WINE PRODUCTION									
6 USED IN JUICE OR CONCENTRATE PRODUCTION									
7 USED IN ALLIED PRODUCTS									
8 REMOVED									
9 ON HAND END OF PERIOD									
10 TOTAL									

Record in pounds or gallons. Move from line 5 to front of report as “produced” upon removal from FIRST fermenter or completion of first fermentation



Part I, Section A - Bulk Wine

PART I - SUMMARY OF WINES IN BOND (GALLONS)						
ITEM	ALCOHOL CONTENT BY VOLUME			ARTIFICIALLY CARBONATED WINE (d)	SPARKLING WINE (e)	HARD CIDER (f)
	NOT OVER 14 PERCENT (a)	OVER 14 TO 21 PERCENT (INCLUSIVE) (b)	OVER 21 TO 24 PERCENT (INCLUSIVE) (c)			
SECTION A - BULK WINES						
1. ON HAND BEGINNING OF PERIOD	Same as the Ending On Hand, Previous Period					
2. PRODUCED BY FERMENTATION					BF BP	
3. PRODUCED BY SWEETENING						
4. PRODUCED BY ADDITION OF WINE SPIRITS						
5. PRODUCED BY BLENDING						
6. PRODUCED BY AMELIORATION	Additions to the Bulk Inventory					
7. RECEIVED IN BOND						
8. BOTTLED WINE DUMPED TO BULK						
9. INVENTORY GAIN						
10.						
11.						
12. TOTAL						
13. BOTTLED					BF BP	
14. REMOVED TAXPAID						
15. TRANSFERS IN BOND						
16. REMOVED FOR DISTILLING MATERIAL						
17. REMOVED TO VINEGAR PLANT						
18. USED FOR SWEETENING						
19. USED FOR ADDITION OF WINE SPIRITS						
20. USED FOR BLENDING						
21. USED FOR AMELIORATION	Removals from the Bulk Inventory					
22. USED FOR EFFERVESCENT WINE						
23. USED FOR TESTING						
24.						
25.						
26.						
27.						
28.						
29. LOSSES (OTHER THAN INVENTORY)						
30. INVENTORY LOSSES						
31. ON HAND END OF PERIOD	Carried over to the next report, Section A Line 1					
32. TOTAL						



Part I, Section B - Bottled Wine

SECTION B - BOTTLED WINE						
1. ON HAND BEGINNING OF PERIOD		Same as the Ending On Hand, Previous Period				
2. BOTTLED					BF	
					BP	
3. RECEIVED IN BOND		Additions to the Bottled Inventory				
4. TAXPAID WINE RETURNED TO BOND						
5.						
6.						
7. TOTAL						
8. REMOVED TAXPAID						
9. TRANSFERRED IN BOND						
10. DUMPED TO BULK						
11. USED FOR TASTING						
12. REMOVED FOR EXPORT						
13. REMOVED FOR FAMILY USE		Removals from the Bottled Inventory				
14. USED FOR TESTING						
15.						
16.						
17.						
18. BREAKAGE						
19. INVENTORY SHORTAGE						
20. ON HAND END OF PERIOD		Carried over to the next report, Section B Line 1				
21. TOTAL						

TTB F 5120.17 (4/2004)



Part X – Remarks and Signature

PART X - REMARKS

Under penalties of perjury, I declare that I have examined this report, including the documents submitted in support thereof, and to the best of my knowledge and belief, it is true, correct, and complete.

PROPRIETOR (As shown on your qualification documents)

BY (Signature and Title)

DATE

Owner/Operating Name of the Wine Premises

(Signer must have Signature Authority on file with TTB)

00/00/0000

²⁹ State kind - apple, blackberry, etc.

³⁰ Distilling material includes lees, filter cake, and other residues used for production of wine spirits. See 27 CFR 24.206.



Annual and Quarterly Reports

In order to file an Annual Operational Report:

- Must have no more than 20,000 gallons on hand in any one month AND
- Must be filing an annual tax return
- Note intent in “remarks” section of report or letter notice
- Due following January 15

In order to file Quarterly Operational Reports:

- Must have no more than 60,000 gallons on hand in any one quarter AND
- Must be filing quarterly tax returns
- Note intent in “remarks” section of report or letter notice
- Due 15 days after the end of the quarter

27 CFR 24.300(g)(2)



Monthly Report Filing

- Everyone else will file the report (TTB Form 5120.17) monthly
- Due 15 days after the end of the month
- If you anticipate you will have no reportable operations (production, receipt or transfer in bond, bottling, change of tax class, etc.) indicate that in the remarks section, resume filing later

Taxes and Return Filing





Taxable Removals

- Federal tax “attaches” when cider is produced
- Tax is determined when cider is removed from bonded premises for consumption or sale
- Tax is paid at a later date (deferred)
- Tax rate is based on alcohol content or production method



Excise Tax Return Periods

Semi-monthly

- 1st to 15th of the month
- 16th to end of the month
- September has three tax periods

Quarterly

- tax period = 3 calendar months

Annual

- tax period = calendar year

27 CFR 24.271



Excise Tax Due Dates

Semi-monthly

- 14 days after close of tax period

Quarterly return

- 14 days after close of quarter

Annual return

- 14 days after close of year
- Saturday, Sunday, Holiday rule

***You don't have to file a return if
no taxes are due!***



Quarterly Tax Payments

You are eligible to make quarterly payments if:

- You expect to owe not more than \$50,000 current year, and
- Your taxes totaled not more than \$50,000 last year
- Due 14 days after close of quarter
- Removals are listed on TTB Form 5120.17 as they occur



Exceeding Quarterly Return Limits

If you exceed the quarterly return limits:

- Must pay taxes on semi-monthly filing schedule
- You are not eligible to file quarterly the next year



Annual Tax Payments

You are eligible to file one tax return per year if:

Your taxes totaled no more than \$1,000 last year and you reasonably expect to owe not more than \$1,000 this year (or, if you are a new business, you expect to owe no more than \$1,000 in the current year)

- Due 14 days after close of *calendar* year
- Removals are listed on TTB F 5120.17, Report of Operations, as they occur



Exceeding Annual Return Limits

If you exceed the annual return limits:

- Must pay taxes on quarterly or semi-monthly filing schedule
- You are not eligible to file annually the next year



Automated Reminders for Filing Tax Returns and Reports

Stay current with due dates by subscribing to receive automated email reminders when it is time to file your tax returns and operational reports!

Visit <https://www.ttb.gov/news/automated-reminders-for-filing> to sign up for email reminders

How to Complete the Return

TTB Form 5000.24





Completion of the Return

- Paper or electronic
- Serially numbered
- Filed semi-monthly, quarterly, annually
- Make sure the signer has signature authority



TTB Smart Form: Excise Tax Return

Reset **Print Blank Form** **Print Completed Form**

SERIAL NO.

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

OMB No. 1513-0083 (03/31/2016)

1. SERIAL NUMBER

2. FORM OF PAYMENT
☐ CHECK ☐ MONEY ORDER ☐ EFT ☐ OTHER (Specify) _____

3. AMOUNT OF PAYMENT
\$ _____

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. **REQUIRED! #6**
00-0000000 OR XX-0000000 AXPAYER (Include ZIP Code) _____

REQUIRED! #7
2-letter prefix determines which tax items are fillable:
DS = Distilled Spirits
BW = Wine
BR = Beer
TP = Tobacco
EW = Export Warehouses
PT = Papers & Tubes

REQUIRED! PP-YYYY-# PREPAYMENT YYYYY-# PERIOD

SE ONLY

DATE EXAMINED: _____

EMPLOYER ID NO.

REGISTRY &
PERMIT NOS.

CALCULATION OF TAX DUE (Before making entries on lines 18 – 21, complete Schedules A and B)	
PRODUCT (a)	AMOUNT OF TAX (b)
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)	\$



TTB Smart Form

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)	\$

REQUIRED! #22 **MM/DD/YYYY** Under penalties of perjury, I declare that I have examined this return (including any accompanying explanations, statements, schedules, and forms) and that of my knowledge and belief it is true, correct, and includes all transactions and tax liabilities required by law to be reported.

22. DATE	23. SIGNATURE	24. TITLE
----------	---------------	-----------

SCHEDULE A – ADJUSTMENTS INCREASING AMOUNT DUE			
EXPLANATION OF INDIVIDUAL ERRORS OR TRANSACTIONS (a)	AMOUNT OF ADJUSTMENTS		
	(b) TAX	(c) INTEREST	(d) PENALTY
25.	\$		\$
26.			
27.			
28. SUBTOTALS OF COLUMNS (b), (c), and (d)	\$	\$	\$
29. TOTAL ADJUSTMENTS INCREASING AMOUNT DUE (Line 28, Col (b) + (c) + (d)) Enter here and on line 18.			\$

SCHEDULE B – ADJUSTMENTS DECREASING AMOUNT DUE		
EXPLANATION OF INDIVIDUAL ERRORS OR TRANSACTIONS (a)	AMOUNT OF ADJUSTMENTS	
	(b) TAX	(c) INTEREST
30.	\$	\$
31.		
32.		
33. SUBTOTALS OF COLUMNS (b) and (c)	\$	\$
34. TOTAL ADJUSTMENTS DECREASING AMOUNT DUE (Line 33, Col (b) + (c)) Enter here and on line 20.		\$

Notice to Customers Making Payment by Check
If you send us a check, it will be converted into an electronic funds transfer (EFT). This means we will copy your check and use the account information on it to electronically debit your account for the amount of the check. The debit from your account will usually occur within 24 hours, and will be shown on your regular account statement. You will not receive your original check back. We will destroy your original check, but we will keep the copy of it. If the EFT cannot be processed for technical reasons, you authorize us to process the copy in place of your original check. If the EFT cannot be completed because of insufficient funds, we may try to make the transfer up to 2 times.

TTB F 5000.24sm (06/2013)

35. ADDITIONAL REMARKS (Reference by item number and use a separate sheet if necessary)

SIGNATURE

TITLE



Increasing/Decreasing Adjustments

SCHEDULE A – ADJUSTMENTS INCREASING AMOUNT DUE

EXPLANATION OF INDIVIDUAL ERRORS OR TRANSACTIONS (a)	AMOUNT OF ADJUSTMENTS		
	(b) TAX	(c) INTEREST	(d) PENALTY
25. Omitted 10 wq Sparkling from TR 2015-12	\$ 34.00		\$
26.			
27.			
28. SUBTOTALS OF COLUMNS (b), (c), and (d)	\$ 34.00	\$	\$
29. TOTAL ADJUSTMENTS INCREASING AMOUNT DUE (Line 28, Col (b) + (c) + (d)) Enter here and on line 18.		\$	34.00

SCHEDULE B – ADJUSTMENTS DECREASING AMOUNT DUE

EXPLANATION OF INDIVIDUAL ERRORS OR TRANSACTIONS (a)	AMOUNT OF ADJUSTMENTS	
	(b) TAX	(c) INTEREST
30. Approved claim # 78865, 100 wq @ 17 cents per	\$ 17.00	\$
31.		
32.		
33. SUBTOTALS OF COLUMNS (b) and (c)	\$ 17.00	\$ 0
34. TOTAL ADJUSTMENTS DECREASING AMOUNT DUE (Line 33, Col (b) + (c)) Enter here and on line 20.		\$ 17.00

Notice to Customers Making Payment by Check



Electronic Filing

Pay.gov is a Federal government portal for electronic filing of:

- Federal Excise **Tax Return**, TTB F 5000.24
- **Report** of Wine Premises Operations, TTB F 5120.17
- Must register in advance on ttb.gov





Pay.gov

Why use it?

- Free and fast submission of tax returns, tax payments and operations reports
- Quickly confirms receipt
- Automatically totals and checks data entries to promote accuracy; you get feedback on any errors
- Allows you to amend reports by copying and modifying the previously submitted report

Taxes and Wine Credits





TEMPORARY Changes include:

- \$1.07 still wine tax rate is extended to still wine that contains “not more than 16% alcohol by volume”
- New tax credit regime – credits may be available to all wine, including sparkling wine and imported wine*
- *These changes only apply to products removed during calendar years 2018 and 2019*

*Additional rules apply. See the text of the implementing law for full details.



Tax on Cider

26 U.S.C. 5041 (b)

Cider/perry products may fall within any one of the six tax classes:

Hard Cider Tax Class	Per wine gallon*
<ul style="list-style-type: none">No more than 0.64g CO₂/100mL; derived primarily from apples/pears or apple/pear juice concentrate and water; containing no other fruit product or fruit flavoring other than apple/pear, and containing at least 0.5% and less than (not equal to) 8.5% alcohol by volume	22.6¢
Still Wine Tax Classes (0.392g CO₂/100mL or less)	
<ul style="list-style-type: none">16% alcohol by volume and under	\$1.07
<ul style="list-style-type: none">Over 16 - 21% alcohol by volume	\$1.57
<ul style="list-style-type: none">Over 21 - 24% alcohol by volume	\$3.15
Artificially Carbonated Wine Tax Class	\$3.30
Sparkling Wine Tax Class	\$3.40

**This is before any available tax credit*



Recap

Two Categories of Cider/Perry:

- Wine that is eligible for the “Hard Cider” tax rate
- Other cider/perry products that are taxed at another wine tax rate



Hard Cider –A TAX Term

(26 U.S.C. 5041(g))

- Wine containing not more than .64 gram of CO₂ per 100 mL
- Derived primarily from apples/pears or apple/pear concentrate and water
- Containing no fruit product or fruit flavoring other than apple or pear, *and*
- Containing at least 0.5 percent and less than 8.5 percent alcohol by volume



These ALL fall within the Hard Cider Tax Class

26 U.S.C. 5041 (b) (6)

Hard Cider: taxed at 22.6 ¢ per gallon* includes:

Still Hard Cider - CO₂ level of not more than .392 g/100 mL

Artificially carbonated Hard Cider - CO₂ level of more than .392 and not more than .64 gram of CO₂ per 100 mL-artificially injected

Sparkling Hard Cider - CO₂ level of more than .392 and not more than .64 gram of CO₂ per 100 mL-result of secondary fermentation in a closed container

**This is before any available tax credit*



Cider/Perry Under the IRC

(27 CFR part 24)

These are examples of cider/perry products that are eligible for the Hard Cider tax rate:

Wine:	Tax Rate*	Tax Class
8.4% alc/vol Apple Cider	22.6 cents	Hard Cider
8.4% alc/vol Pear Perry	22.6 cents	Hard Cider
6% alc/vol Apple-Cinnamon Cider	22.6 cents	Hard Cider
8% alc/vol Carbonated Apple-Pear Wine/CO ₂ level of .62g/100 mL	22.6 cents	Hard Cider
8% alc/vol Sparkling Pearly Pear/CO ₂ level of .62g/100 mL	22.6 cents	Hard Cider

**This is before any available tax credit*



Cider/Perry Under the IRC

(27 CFR part 24)

These are examples of cider/perry products taxed as still wines or as effervescent wines:

Wine:	Tax Rate*	Tax Class
15% alc/vol Apple Cider	\$1.07	Still wine Not over 16%
9% alc/vol Pear Perry	\$1.07	Still wine Not over 16%
6% alc/vol Apple-Raspberry Cider	\$1.07	Still wine Not over 16%
6% alc/vol Carbonated Apple-Pear Wine CO ₂ level of .70g/100 mL	\$3.30	Artificially carbonated wine
6% alc/vol Sparkling Pearly Pear CO ₂ level of .70g/100 mL	\$3.40	Sparkling Wine

**This is before any available tax credit*



Section A – Report Headings are Tax Classes

PART I - SUMMARY OF WINES IN BOND (GALLONS)						
ITEM	ALCOHOL CONTENT BY VOLUME			ARTIFICIALLY CARBONATED WINE (d)	SPARKLING WINE (e)	HARD CIDER (f)
	NOT OVER 14 PERCENT (a)	OVER 14 TO 21 PERCENT (Inclusive) (b)	OVER 21 TO 24 PERCENT (Inclusive) (c)			
SECTION A - BULK WINES						
	\$ 1.07	\$ 1.57	\$ 3.15	\$ 3.30	\$ 3.40	22.6 cents

NOTE : Column a and b tax classes temporarily expanded to “Not over 16 percent” and “Over 16 to 21 percent” for removals made during 2018 and 2019 only

This is before any available tax credit



Tax Credits for 2018 and 2019

- Domestic wine/cider is eligible for the credit on the first 750,000 gallons taxably removed each year
- Credit is up to \$1.00 per gallon on first 30,000 gallons of wine removed per calendar year
- Credit for “hard cider” is up to 6.2 cents per gallon instead of \$1.00 on the first 30,000 gallons
- Sparkling wines are eligible for the credit
- The new credits apply to the first 750,000 wine gallons removed in a calendar year, regardless of tax class
- Credits may be available for imported wine/cider (additional guidance forthcoming)

26 U.S.C. 5041(c)(8)



Tax on Wine for 2018 and 2019*

Tax Class	Wines Gallons Per Calendar Year			
	First 30,000	Over 30,000 up to 130,000	Over 130,00 up to 750,000	Over 750,000
Still Wine				
16% and under alcohol by volume (0.392g CO ₂ /100mL or less)	\$0.07	\$0.17	\$0.535	\$1.07
Over 16 - 21% alcohol by volume (0.392g CO ₂ /100mL or less)	\$0.57	\$0.67	\$1.035	\$1.57
Over 21 - 24% alcohol by volume (0.392g CO ₂ /100mL or less)	\$2.15	\$2.25	\$2.615	\$3.15
Mead No more than 0.64g CO ₂ /100mL; derived solely from honey and water; containing no fruit product or fruit flavoring; and containing less than (not equal to) 8.5% alcohol by volume	\$0.07	\$0.17	\$0.535	\$1.07
Low alcohol by volume wine No more than 0.64g CO ₂ /100mL; derived primarily from grapes or from grape juice concentrate and water; containing no fruit product or fruit flavoring other than grape; and containing less than (not equal to) 8.5% alcohol by volume	\$0.07	\$0.17	\$0.535	\$1.07

*Additional rules apply. See the text of the implementing law for full details.



Tax on Wine for 2018 and 2019*

Tax Class	Wines Gallons Per Calendar Year			
	First 30,000	Over 30,000 up to 130,000	Over 130,00 up to 750,000	Over 750,000
Artificially Carbonated Wine				
Over 0.392g CO ₂ /100mL - injected or otherwise added	\$2.30	\$2.40	\$2.765	\$3.30
Sparkling Wine				
Over 0.392g CO ₂ /100mL - naturally occurring	\$2.40	\$2.50	\$2.865	\$3.40
Hard Cider				
No more than 0.64g CO ₂ /100mL; derived primarily from apples/pears or apple/pear juice concentrate and water; containing no other fruit product or fruit flavoring other than apple/pear; and containing at least 0.5% and less than (not equal to) 8.5% alcohol by volume	\$0.164	\$0.17	\$0.193	\$0.226

*Additional rules apply. See the text of the implementing law for full details.



Taking the Credit

29. TOTAL ADJUSTMENTS INCREASING AMOUNT DUE (Line 20, Col (b) + (c) + (d)) Enter here and on line 10. \$ 0.00

SCHEDULE B – ADJUSTMENTS DECREASING AMOUNT DUE

EXPLANATION OF INDIVIDUAL ERRORS OR TRANSACTIONS (a)	AMOUNT OF ADJUSTMENTS	
	(b) TAX	(c) INTEREST
30. 200 gallons not over 16% @ \$1.00/gallon credit	\$ 200.00	\$
31. 100 gallons of HC @6.2 cents /gallons credit	6.20	
32.		
33. SUBTOTALS OF COLUMNS (b) and (c)	\$ 206.20	\$ 0.00
34. TOTAL ADJUSTMENTS DECREASING AMOUNT DUE (Line 33, Col (b) + (c)) Enter here and on line 20.	\$	206.20

Notice to Customers Making Payment by Check



Summary

Reports of Wine Premises Operations:

Cidery proprietors are required to report activities that take place on the bonded premises

This includes reporting the materials brought onto the wine premises, and reporting what happens from there regarding the quantity produced, transferred in bond, bottled, and removed



Summary

Excise Taxes and Returns:

- Tax rates, filing requirements
- Wine tax credit
- Records for taxpaid and untaxpaid removals



Questions?

Formulas

STEPHEN ROBEY
ASSISTANT DIRECTOR, FORMULATION
ALCOHOL LABELING AND FORMULATION DIVISION



Formula Basics

Not all cider/perry products require formula approval

Whether or not you need formula approval is based on:

- Ingredients
- Manufacturing methods

Formula requirements are NOT connected to

- Alcohol content
- Eligibility for Hard Cider tax rate



Formula Basics

Formulas are:

- a complete, quantitative list of all ingredients used to make the product
- a step-by-step description of how it's made (AKA method of manufacture)



Formula Basics

Formulas, when required, must be obtained:

- *Domestic*: before product is produced and before applying for label approval (if needed)
- *Imported**: before applying for label approval and before product is removed from customs custody

Formulas are submitted by:

- *Domestic*: the producer (BW proprietor)
- *Imported**: U.S. importer (holder of an Importer's Basic Permit)

*Only imported cider/perry products with 7% or more alc. by vol. are subject to formula requirements

When is Formula Approval Required?





When is a Formula Required?

Imported Cider/Perry Product

Formulas may be required for imported cider/perry product as part of the COLA approval process

Only imported cider/perry products with 7% or more alc. by vol. are subject to formula requirements

Types of imported cider/perry products that require formula approval mirror those for domestic cider/perry products, for example:

- Added flavors
- Blending two kinds of wine
- Extra sugar or water



When is a Formula Required?

Domestic Cider/Perry Product

Formula approval is NOT required if you are producing:

- “natural” apple or pear wine (cider/perry), or
- any other “natural” fruit wine, even if the wine is fermented from the juice of different fruits, such as fermenting apple juice and blueberry juice together

TTB regulations DO require formulas for:

- Special Natural wine, and
- Other than Standard wine
- [27 CFR 24.80 – 24.82](#)



Fruit-Based Wine Classifications in Part 24

For production purposes, part 24 subdivides wine into Standard wine and Other than Standard wine

Cider/perry products may be either depending on how they are made

Cider/perry products that are Standard wine may be either

- Natural wine
- Special Natural wine



Is My Cider/Perry Product Natural Fruit Wine?

“Natural” wine is:

- The product of the juice or must of sound, ripe fruit; and
- Made with any cellar treatment authorized by subparts F and L of part 24, and containing not more than 21 percent by weight of total solids

Production of “natural” cider (apple wine) or perry (pear wine):

- Only malic acid may be added to cider to correct natural acid deficiencies. Only malic acid or citric acid may be added to perry to correct natural acid deficiencies. See 27 CFR 24.182 for further restrictions.
- See 27 CFR part 24, subpart F for the conditions and limitations under which fruit juice concentrate may be used in juice or wine made from the same kind of fruit (i.e., apple juice for cider and pear juice for perry) for the purposes of chaptalizing or sweetening.
- Sugar (which means **only** pure dry sugar, liquid pure sugar, or invert sugar syrup) may be added to chaptalize or sweeten a fruit wine, within the limits set out in 27 CFR part 24, subpart F.
- See 27 CFR 24.178 for rules about the amelioration of natural fruit wines.

Examples include cider/perry products:

- made only from apple/pear concentrate, or apple/pear juice, with or without added CO₂
- made from fermenting apple juice and raspberry juice together

Natural fruit wine does not require formula approval

[27 CFR 24.10](#)



Is My Cider/Perry Product Special Natural Wine?

“Special Natural” wine is:

- A flavored wine made from a base of natural wine
- The flavoring may be natural herbs, spices, fruit juices, natural aromatics, natural essences, or other natural flavorings, subject to conditions outlined in 27 CFR part 24 subpart H

Examples include cider/perry products:

- made from apple juice and flavored with hops
- made from apple concentrate and flavored with citrus peel
- made from pear juice and flavored with honey

Special Natural wine requires formula approval

[27 CFR 24.10](#)

[27 CFR 24.80](#)



Is My Cider/Perry Product Other Than Standard Wine?

“Other than standard wine” is:

- Made with sugar and/or water beyond the limitations for standard wine
- Made by blending wines produced from different kinds of fruit
- Made with sugar other than pure dry sugar, liquid pure sugar, and invert sugar syrup
- Made with materials not authorized for use in standard wine, e.g., spirits derived from fruit other than primary winemaking material, coloring material and artificial flavors

Examples include cider/perry products made by:

- blending apple wine with rhubarb wine
- coloring with grape skin extract
- Sweetening with raw sugar
- flavoring with raspberry spirits

Other than standard wine requires formula approval

[27 CFR 24.218](#)

How to Apply for Formula Approval





Formulas Online

TTB's efficient, and secure method for drafting, submitting, and tracking your formula applications electronically

Benefits:

- Step-by-step guidance included in the system
- A more accurate application, thanks to data validation checks along the way
- You'll receive application status updates via email
- Facilitates Record Keeping
 - Approved formulas are stored online
 - Copies of approved formulas can be printed if needed



Register to Use Formulas Online

Go to
<https://www.ttbonline.gov/>

Select "Register"

The screenshot shows a web browser window with the URL <https://www.ttbonline.gov/>. The browser's address bar and menu bar are visible. The website header includes the TTBONLINE.GOV logo and the Alcohol and Tobacco Tax and Trade Bureau seal. A navigation bar contains three links: REGISTER, HOW TO REGISTER, and PUBLIC COLA REGISTRY. The REGISTER link is highlighted with a blue box and an arrow pointing to it from the text "Select 'Register'". Below the navigation bar, there is a section titled "Already registered? Log in:" which contains a login form. The login form has fields for "User Name:" and "Password:", each with a text input box. To the right of the "User Name:" field is a link that says "Expired password?". To the right of the "Password:" field is a link that says "New or forgotten password?". Below the password field is a "Logon to:" section with two buttons: "COLAs Online" and "Formulas Online".



Formulas Online

Submitter Tips

Before submitting a formula you should:

- Ensure that formula approval is required for your cider/perry product
- Determine if your cider/perry product is a Special Natural wine, Other than Standard wine, and the subcategory applicable to your Other than Standard wine, such as “Wine Specialty”
- Gather all the pertinent information and documents about each ingredient used and your method of manufacture



Submitting a Formula

Main Tab

Uniform ?

MainFormulaSamplesCompanyCommentsDocs/Links

[Print](#) | [Comment](#) | [Upload](#)

☒ Create New Formula

☐ Supersede Existing Formula ?

TTB Formula ID:

Company ID:

Commodity:

Product Name:

Class/Type: ?

Type Description:

Company Name:

Distilled Spirits ▼

250 characters left

Company Formula #: ▼

1234

Product Source: ▼

Domestic ▼



Main Tab - Which Class/Type Should I choose?

You won't find "Cider" or "Perry" on the class/type dropdown

You must choose "Special Natural wine", "Other than Standard wine", and the appropriate subcategory, such as "Wine Specialty," depending on how you are making your cider/perry product



Formula Tab - Ingredients

Ingredients

FERMENTABLE INGREDIENTS

NAME	GROUP	QUANTITY		UNIT
		LOW	HIGH	
<div>Group Ungroup Add</div>				

FINISHED ALCOHOL

NAME	GROUP	QUANTITY		UNIT	ALCOHOL BY VOLUME		TTB
		LOW	HIGH		LOW	HIGH	FORMULA ID
<div>Group Ungroup Add</div>							

FLAVORS

NAME	GROUP	QUANTITY		UNIT	TYPE	COMPND?	COMPANY	TTB
		LOW	HIGH				FORMULA #	FORMULA ID
<div>Group Ungroup Add</div>								

OTHER INGREDIENTS

NAME	GROUP	QUANTITY		UNIT	TYPE	DESCRIPTION
		LOW	HIGH			
<div>Group Ungroup Add</div>						



Ingredients - Which Category Should I Chose?

When choosing a category consider the predominant reason for using the ingredient, and let that guide your category choice:

Fermentable: Any material that will be fermented in order to produce alcohol for the beverage (e.g., apples, pear concentrate)

Finished Alcohol: Beverage alcohol products that have already been produced, which you plan to use as ingredients in your recipe (e.g., rhubarb wine)



Ingredients - Which Category Should I Chose?

Flavor: Additives that give a particular taste, mouth feel, and/or smell. Can be derived from natural ingredients or created artificially (e.g., hops, honey, botanicals, extracts, TTB approved flavors)

Color: Any dye, pigment, or other substance used primarily to impart color to your product (e.g., grape skin extract)

Other: Sweeteners, preservatives, and other ancillary ingredients that do not fit into the other categories



Ingredient Examples

Example
✕

Ingredients

FERMENTABLE INGREDIENTS ?

-----QUANTITY-----				
NAME	GROUP	LOW	HIGH	UNIT
Grape wine		50.0	75.0	gal.

FINISHED ALCOHOL ?

-----QUANTITY-----					ALCOHOL BY VOLUME		TTB	
NAME	GROUP	LOW	HIGH	UNIT	LOW	HIGH	FORMULA ID	COMMODITY
Grape wine		50.0	75.0	gal.	7	14		Wine

FLAVORS ?

-----QUANTITY-----							COMPANY	TTB	
NAME	GROUP	LOW	HIGH	UNIT	TYPE	COMPND?	FORMULA #	FORMULA ID	VERIFICATN
<input type="checkbox"/> Green Beans (crushed)		2.0	3.0	c.	Natural	<input type="checkbox"/>	-		
<input type="checkbox"/> Coriander (powdered)		2.0	4.0	c.	Natural	<input type="checkbox"/>	-		

OTHER INGREDIENTS ?

-----QUANTITY-----						
NAME	GROUP	LOW	HIGH	UNIT	TYPE	DESCRIPTION
Vegetable Juice (black carrots/cabbage)	Color	1.0	2.0	gal.	Color	
Potassium Sulfite		0.5	0.75	gal.	Sulfite	



Method of Manufacture

Method of Manufacture 0

Show in sequence each step employed in producing the product including the step at which the specified materials will be added and the approximate period of time to complete production ... [read more](#)

Description:

« Previous Save as Draft Validate Cancel Submit Next »



Method of Manufacture

Think of a formula as a recipe

The method of manufacture is where you tell us the steps you take to produce your product

Be sure to cover each ingredient you mention in the ingredient tab

Be sure to provide enough detail so we can confirm if you're within the regulatory standards for Special Natural wine, Other than Standard wine, as well as the appropriate subcategory, such as "wine specialty"



Formulas Online

Docs/Link Tab

Uniform

MainFormulaSamplesCompanyCommentsDocs/Links

[Copy as New](#) | [Print](#) | [Comment](#) | [Upload](#)

Submission ID: 1368221 Date Submitted:
Status: Draft

Submission Documents

TYPE	DESCRIPTION	INVALIDATED FILE	SIZE	DATE
<div>Upload</div>				

Ingredients Documents

<input type="checkbox"/>	INGREDIENT	TYPE	DESCRIPTION	INVALIDATED FILE	SIZE	DATE
<input type="checkbox"/>	Cherry Brandy	Spec Sheet	Process of Production	<input type="checkbox"/> Cherry Brandy.pdf	169 Kb	12-18-2015 edit
<div>Delete</div>						

Submission Links

SUBMISSION ID	DESCRIPTION
<div>AddDelete</div>	

Perjury Statement

☐ Under the penalties of perjury, I declare that all the statements appearing on this application, including supplemental documents, are true and correct to the best of my knowledge and belief. I also certify that I have read, understood, and complied with the conditions and instructions for filing this application.

Save as DraftValidateCancelSubmit



Supporting Documentation: Spec Sheets

- An ingredient specification sheet (also called a spec sheet or technical data sheet) is a document that lists or describes the contents of an ingredient used to make your alcohol beverage product
- Include a spec sheet for each ingredient that is made from more than one component
- See [TTB G 2017-3](#) for additional information on Spec Sheets, including examples



Supporting Documentation: Flavor Ingredient Data Sheets

- The Flavor Ingredient Data Sheet (also called FID sheet or FIDS) is a spreadsheet that includes information about certain ingredients
- Include a FID Sheet if you're using a compounded flavor that was purchased from a flavor manufacturer
 - A compounded flavor includes any flavor, cloudifier, or blender that consists of multiple ingredients that are combined to produce a particular taste characteristic
- See [TTB G 2017- 4](#) for additional information on FID Sheets, including examples



Supporting Documentation: Limited Ingredient Calculation Worksheets

- Used to calculate the total amounts of ingredients that have limits on their use per TTB and FDA requirements
- Submit the worksheet for products containing one or more compounded flavors purchased from a flavor manufacturer
- See [TTB G 2017- 6](#) for additional information on Limited Ingredient Calculation Worksheets, including examples



Formulas Online

Results Tab

Uniform ⓘ

MainFormulaSamples**Results**CompanyCommentsDocs/LinksUnauthorized Users

[Copy as New](#) | [Print](#) | [Comment](#) | [Notify](#) | [Surrender](#)

Submission ID:1234381
Status:Closed

TTB Formula ID:1180943
Disposition:Approved

Date Submitted:

Determination

Disposition:Approved
Approved Class/Type:WHISKY/CORN WHISKY
Class/Type Description:

Approval Date:11/13/2015
Expiration Date:

TTB Specialist:Page

Approval Provisions

Product has been approved subject to the following provisions:

General:

Distilled Spirits:

- ☐ Harmless coloring, flavoring, or blending materials must not total more than 2.5% by volume of the finished product.
- ☒ Sugar, dextrose, or levulose or a combination thereof must be used in an amount not less than 2.5% by weight of the cordial or liqueur.
- ☒ The use of refining agents must not alter the basic composition of the spirits.
- ☐ The blended whiskey must contain not less than 20% straight whiskey on a proof gallon basis.

Labeling Instructions

- ☐ The designation of the product must include a truthful and adequate statement of composition, such as:
- ☐ The recommended commodity statement is:



Top 5 Reasons Wine Formulas are Returned for Correction

1. Ingredient Spec Sheet is missing
2. FID Sheet is missing
3. Clarification needed on a specific ingredient
4. Ingredient quantity information is missing
5. Limited Ingredient Calculation worksheet is missing



Questions?

Labeling

NICOLE CANDELORA
WINE LABELING QA COORDINATOR



Which Labeling Requirements Apply?

Labeling requirements for cider and perry products are determined first by:

- Alcohol content
- If it will be introduced in interstate commerce

And secondarily by such things as:

- Origin and level of effervescence
- Fruits used
- Addition of flavors, spices, colors, etc.
- Domestic or imported



Why is Alcohol Content a Factor?

Recall that the Federal Alcohol Administration Act *only* applies to wine that contains **7% or more** alc. by vol.

Therefore, FAA Act rules (including COLAs, standards of fill, prohibited practices, etc.) in [27 CFR part 4](#) do not apply to cider/perry products with under 7% alc. by vol.



Why is Alcohol Content a Factor?

The labeling of cider/perry products with **under 7%** alc. by vol. is regulated by TTB under the Internal Revenue Code*

- [27 CFR part 24](#) (domestic)
- [27 CFR part 27](#) (imports)

*IRC wine labeling provisions apply to all wine with 0.5-24% alc. by vol.



Why is Alcohol Content a Factor?

The labeling of cider/perry products with **under 7%** alc. by vol. is also subject to FDA labeling regulations under the Federal Food, Drug, and Cosmetic Act

- [21 CFR part 101](#)



Why is Alcohol Content a Factor?

The labeling of cider/perry products with **at least 0.5%** alc. by vol. is also regulated by TTB under the Alcoholic Beverage Labeling Act (Government Health Warning Statement)

- [27 CFR part 16](#)



Why Does Interstate Commerce Matter?

The labeling rules (mandatory information, COLAs and prohibited practices) under the FAA Act (part 4) apply to cider/perry products (**7% or more** alc. by vol.) that:

- are sold or otherwise introduced into interstate/foreign commerce (for example, sold across state lines or imported from another country)



Why Does Interstate Commerce Matter?

Cider/perry products with **7% or more** alc. by vol. that are sold in interstate commerce must be covered by a Certificate of Label Approval (COLA)

Cider/perry products with **7% or more** alc. by vol. that are *not* sold in interstate commerce are covered by a Certificate of Exemption from Label Approval



2017 Changes to the Hard Cider Tax Class

Note:

Changes made in 2017 to definition of wine eligible for the Hard Cider tax rate mean that industry members who produce cider/perry products with **7% to under 8.5%** alc. by vol. taxed at the Hard Cider rate need to be aware of the FAA Act regulations in 27 CFR part 4



Which Labeling Laws and Regulations Apply?

3	1	If the alcohol content by volume is:		
		0.5 to < 7%	7 to 24%	
		2	Interstate commerce?	
			Yes Covered by COLA	No Covered by Cert. of Exemp.
Then the following wine labeling laws and regulations apply:				
Law	Regulations			
Alcoholic Beverage Labeling Act of 1988 (ABLA) 27 U.S.C. 213 et seq.	27 CFR part 16 - Alcoholic Beverage Health Warning Statement	X	X	X
Internal Revenue Code (IRC) 26 U.S.C. Chapter 51	27 CFR part 24 - Wine 27 CFR part 27 - Importation of Distilled Spirits, Wines, and Beer	X	X	X
Federal Alcohol Administration (FAA) Act 27 U.S.C. 201 et. seq.	27 CFR part 4 - Labeling and Advertising of Wine		X	
Federal Food, Drug, and Cosmetic Act (FD&C Act) 21 U.S.C. 341-350	21 CFR part 101 – Food Labeling	X		

Mandatory Label Information





Type Size Requirements

For all mandatory label information

(except alcohol content and government health warning statement)

If the container size is:	Then the <u>minimum</u> type size is:
187 milliliters or less	1 millimeter
More than 187 milliliters	2 millimeters

[27 CFR 4.38\(b\)](#) and [27 CFR 24.257\(a\)](#)



Type Size Requirements

For alcohol content:

If the container size is:	Then the <u>minimum</u> type size is:
5 liters or less	1 millimeter
More than 5 liters	N/A

If the container size is:	Then the <u>maximum</u> type size is:
5 liters or less	3 millimeters
More than 5 liters	N/A

Mandatory Label Information

Under 7% Alc. by Vol. *or*
7% or more and Not Sold Interstate
(Covered by Certificate of Exemption)





Mandatory Label Information

<7% or Covered by Cert. of Exemption

The following statements must appear:

Name and address of the bottler

Brand name

Alcohol content

Net contents

Kind of wine

[27 CFR 24.257](#)

Government Health Warning

[27 CFR part 16](#)



Mandatory Label Information

<7% or Covered by Cert. of Exemption

Name and Address of the Bottler

May appear on any label

Name and address of the wine premises
where bottled or packed

[27 CFR 24.257\(a\)\(1\)](#)



Mandatory Label Information

<7% or Covered by Cert. of Exemption

Brand Name

The name under which the product is sold; usually the most prominent piece of information on the label

May appear on any label

If there is no brand name the name of the bottler is considered the brand name

[27 CFR 24.257\(a\)\(2\)](#)



Mandatory Label Information

<7% or Covered by Cert. of Exemption

Alcohol Content

May appear on any label

Must be stated as percent by volume or
in accordance with 27 CFR part 4

[27 CFR 24.257\(a\)\(3\)](#)



Mandatory Label Information

<7% or Covered by Cert. of Exemption

Alcohol Content – Labeling Tolerances

Actual alcohol content may be +/- 0.75% (by volume) from the alcohol content statement on the label

[27 CFR 24.257\(a\)\(3\)](#)



Mandatory Label Information

<7% or Covered by Cert. of Exemption

Net Contents*

May appear on any label; or

May be etched/blown into the container

[27 CFR 24.257\(a\)\(5\)](#)

*There are no restrictions on container sizes for under 7% wines or those covered by Certificate of Exemption; they also don't have to be in metric size containers



Mandatory Label Information

<7% or Covered by Cert. of Exemption

Kind of Wine

May appear on any label

Must identify as wine by using the term, “wine,” or a word that signifies the type of wine, such as “cider” or “perry”

If eligible for the Hard Cider tax rate, the kind must be consistent with the Hard Cider tax class:

- “hard cider,” “apple wine,” “pear wine,” “apple cider,” “apple perry,” “apple pear wine,” “cider” and “perry”
- Not: “blueberry cider”

[27 CFR 24.257\(a\)\(4\)\(ii\)\(A\)&\(A\)\(1\)](#)*

*As per temporary regulations found in T.D. TTB - 147



Mandatory Label Information

<7% or Covered by Cert. of Exemption

Effervescent Wine

Cider/Perry products that contain more than 0.392 gram per 100mL carbon dioxide must be labeled accordingly:

- **Sparkling Wine:** CO₂ results solely from secondary fermentation within a closed container, tank, or bottle
- **Carbonated Wine:** Obtains its effervescence through the artificial injection of CO₂

[27 CFR 24.257\(a\)\(4\)\(ii\)\(A\)\(1\)](#)



Effervescent Designations

The 2017 changes to the definition of wine eligible for the Hard Cider tax rate increased the maximum allowable CO₂ level to 0.64 g/100mL of wine

The CO₂ level requiring an effervescent designation did not change (remains >0.392)

Applicable effervescent designations must be used on cider/perry products with CO₂ level of over 0.392 g/100mL



Mandatory Label Information

<7% or Covered by Cert. of Exemption

Indication of Tax Class

Previously, 27 CFR 24.257 required the label to include enough information to identify the tax class when viewed with the alcohol content

Due to the 2017 revision of the criteria for the Hard Cider tax class, a cider/perry product could be both taxed as Hard Cider and required to be designated as sparkling/carbonated, making compliance with old 24.257 problematic

In order to give industry time to comment on the proposed regulations and to change labels, we created a transitional labeling rule that is in effect before a new rule becomes mandatory in 2019



Mandatory Label Information

<7% or Covered by Cert. of Exemption

Indication of Tax Class

Transitional Rule

- Labels of cider/perry products removed during 2017 and 2018 are not required to indicate whether or not the product is eligible for the Hard Cider tax rate
- You may voluntarily use “Tax Class 5041(b)(6)”

[27 CFR 24.257\(a\)\(4\)\(ii\)\(A\)\(2\)*](#)

*As per temporary regulations found in T.D. TTB - 147



Mandatory Label Information

<7% or Covered by Cert. of Exemption

Indication of Tax Class

New rule effective in 2019*

- Starting January 1, 2019, cider/perry products taxed at the Hard Cider tax rate must state “Tax Class 5041(b)(6)” on the label

[27 CFR 24.257\(a\)\(4\)\(ii\)\(A\)\(3\)](#)

*We are accepting comments on this in Notice No. 168A



Government Health Warning Statement

All domestic and imported cider and perry products with 0.5% alcohol by volume or more must bear the government health warning statement

- May appear on any label (front, back, neck, etc.)
- Must be separate and apart from all other information
- See [27 CFR part 16](#) for complete rules (type size, etc.)

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.



FDA Labeling Requirements Under 7% Alc. by Vol.

The labels of cider/perry products with under 7% alc. by vol. must comply with applicable [FDA food labeling requirements](#), including ingredient labeling, nutrition labeling*, and allergen labeling requirements

*Certain small businesses can be exempt from FDA Nutrition Facts Labeling (See [Small Business Nutrition Labeling Exemption](#))



Customs Labeling Requirements

Containers of all imported cider and perry products are required to be marked, branded and labeled (for example a **Country of Origin** statement) in accordance with CBP regulations

- [19 CFR part 11](#), [part 12](#) and [part 134](#)



New TTB Labeling Rule for Imports

Under 7% Alc. by Vol.

Containers of imported cider and perry products that are eligible for the Hard Cider tax rate must be labeled with an appropriate designation, e.g., “wine,” “cider,” “perry”

Starting January 1, 2019, “Tax Class 5041(b)(6)” must appear

- [27 CFR 27.59\(b\)](#)

*As per temporary regulations
found in T.D. TTB - 147

Mandatory Label Information

7% or More Alc. by Vol. and
Sold in Interstate Commerce
(Covered by a COLA)





Mandatory Label Information

≥7% and Covered by a COLA

The labeling rules for cider/perry products with 7% or more alc. by vol. and that are sold interstate (covered by a COLA) are more robust:

- more direction about how and where mandatory info must appear
- standards of identity, i.e., labeling designations
- parameters for using many optional labeling claims, e.g., appellations of origin
- prohibited labeling practices intended to prevent consumer deception

[27 CFR part 4](#)



Mandatory Label Information

≥7% and Covered by a COLA

The following statements must appear:

Brand name

Class, type or other designation

Name and address of the bottler

Net contents

Alcohol content

Government Health Warning

[27 CFR 4.32](#)
[27 CFR part 16](#)



Mandatory Label Information

≥7% and Covered by a COLA

Brand Name

The name under which the product is sold; usually the most prominent piece of information on the label

Must appear on the brand label*

If there is no brand name, the name of the bottler/importer as shown on the brand label is considered the brand name

May not create a misleading impression

[27 CFR 4.32\(a\)\(1\)](#), [27 CFR 4.33](#)

*Brand label = label on which brand name and class/type appears



Mandatory Label Information

≥7% and Covered by a COLA

Name and Address of the Bottler

May appear on any label

Name or trade name of the bottler/importer as listed on the TTB permit

Address (city and state) of the bottler/importer as listed on the permit

Must be preceded by the words “Bottled/Packed by” or “Imported by”

May optionally add “Produced” or “Made”, “Blended”, etc. to statement (see part 4 for rules)

[27 CFR 4.32\(b\)\(1\)](#) and [27 CFR 4.35](#)



Mandatory Label Information

≥7% and Covered by a COLA

Net Contents

May appear on any label; or

May be etched/blown into the container

Must use the authorized metric standards of fill
([27 CFR 4.72](#))

May use the following abbreviations:

- milliliters – ml, ML, mL
- Liters - L

[27 CFR 4.32\(b\)\(2\)](#), [27 CFR 4.37](#)



Mandatory Label Information

≥7% and Covered by a COLA

Authorized Standards of Fill [27 CFR 4.72](#)

Must use these container sizes – **including kegs**

Between 3 and 18 liters - must be even liters (4 liters, 12 liters, etc.)

No size restrictions over 18 liters

3 liters	375 milliliters
1.5 liters	187 milliliters
1 liter	100 milliliters
750 milliliters	50 milliliters
500 milliliters	

12oz. bottle is not authorized



Mandatory Label Information

≥7% and Covered by a COLA

Alcohol Content

May appear on any label

“Fruit [apple] [pear] Table Wine” may be used ; or

Specific statements:

- Alcohol ___% by volume
- Alcohol ___% to ___% by volume (see part 4 for rules)
- May use “Alc.” and “Vol.” or “Alc” and “Vol”
- May replace “by” with “/”
- May NOT use “ABV”

[27 CFR 4.32\(b\)\(3\)](#), [27 CFR 4.36](#)



Mandatory Label Information

≥7% and Covered by a COLA

Alcohol Content – Labeling Tolerances*

7- 14%

- Actual alcohol content may be +/- 1.5% (by volume) from the alcohol content statement on the label
- [27 CFR 4.36\(b\)\(2\)](#)

Above 14%

- Actual alcohol content may be +/- 1% (by volume) from the alcohol content statement on the label
- [27 CFR 4.36\(b\)\(2\)](#)

*Regardless of tolerances, alcohol content statements must accurately reflect class/type and tax class



Government Health Warning Statement

All domestic and imported cider and perry products with 0.5% alcohol by volume or more must bear the government health warning statement

- May appear on any label (front, back, neck, etc.)
- Must be separate and apart from all other information
- See [27 CFR part 16](#) for complete rules (type size, etc.)

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.



Mandatory Label Information

≥7% and Covered by a COLA

Class and Type

Must appear on brand label*

Must use the class, type or other designations found in the standards of identity (SOI) [27 CFR part 4 Subpart H](#)

If no SOI applies, must use a truthful and adequate statement of composition (wine specialty products)

[27 CFR 4.32\(a\)\(2\)](#), [27 CFR 4.34\(a\)](#)

*Brand label = label on which brand name and class/type appears



Class and Type

≥7% and Covered by a COLA

Class

- In the standards of identity, the broad category “wine” is divided into 9 classes, including “Class 5: Fruit Wine” [27 CFR 4.21\(e\)](#)

Type

- Most of the classes include specifically defined types of wine
- “Cider,” “Perry,” and “Carbonated cider” are examples of specific types defined under “Class 5: Fruit Wine”



To be Labeled “Cider” “Hard Cider” “Apple Cider”

≥7% and Covered by a COLA

The product must be:

- Produced by the normal alcoholic fermentation of the juice of sound, ripe apples, and
- Derived wholly (except sugar, water, or added alcohol) from apples



May also be labeled “*apple wine*”

[27 CFR 4.21\(e\)\(5\)](#)

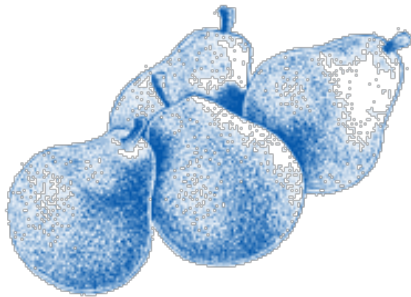


To be Labeled “Perry”

≥7% and Covered by a COLA

The product must be:

- Produced by the normal alcoholic fermentation of the juice of sound, ripe pears, and
- Derived wholly (except sugar, water, or added alcohol) from pears



May also be labeled “*pear wine*” but MAY NOT be labeled “*pear cider*”

[27 CFR 4.21\(e\)\(5\)](#)



Effervescent Designations

Cider or Perry that is made effervescent by carbon dioxide at a level of over 0.392 gram per 100mL must be labeled as “*sparkling*” or “*carbonated*,” depending on the method used to produce effervescence

- **Sparkling cider/perry:** CO₂ results solely from secondary fermentation within a closed container, tank, or bottle
- **Carbonated cider/perry:** Obtains its effervescence through the artificial injection of CO₂

[27 CFR 4.21\(e\)\(5\)](#) or [4.34\(a\)](#)



Effervescent Designations

The 2017 changes to the definition of wine eligible for the Hard Cider Tax rate increased the maximum allowable CO₂ level to 0.64 g/100mL of wine

The CO₂ level requiring an effervescent designation did not change (remains >0.392)

Applicable effervescent designations must be used on cider/perry products with CO₂ level of over 0.392 g/100mL



What Can't be Designated Simply "Cider" or "Perry"?

≥7% and Covered by a COLA

Any wine that does not meet those standards of identity, including:

- Any wine made with fruits other than 100% apples or pears, respectively
- Any cider or perry product to which spices, flavoring or coloring materials have been added
- Any cider or perry product to which excess sugar or water have been added



What Can't be Designated Simply "Cider" or "Perry"?

≥7% and Covered by a COLA

The following wines, which are eligible for the Hard Cider tax rate, may *not* be labeled simply "Cider," "Hard Cider" or "Perry"

- Made from a blend of apples and pears
- Made with coloring, spices, or other eligible flavoring materials
- Contains 0.392 g/ 100mL or more of CO₂



Fermenting Two Kinds of Fruit Juice

≥7% and Covered by a COLA

Must be designated with a truthful and adequate statement of composition such as "*apple-blueberry wine*" or "*blueberry cider*"

The designation "*fruit wine*" may appear in direct conjunction with the statement of composition

Does not require formula approval



[27 CFR 4.21\(e\)\(5\)](#)



Blending Two Kinds of Fruit Wine

≥7% and Covered by a COLA

Must be designated with a statement of composition, such as "*apple wine - blueberry wine*" or "*cider – blueberry wine*"

"*Fruit wine*" may appear in direct conjunction with the statement of composition

May also be labeled with a fanciful name such as "*Blueberry Apple Delight*"

Requires formula approval



[27 CFR 4.34\(a\)](#)



Added Honey, Spices, Natural Flavors or Artificial Flavors

≥7% and Covered by a COLA

Must be designated with a statement of composition, such as "*cider with artificial and natural blueberry flavors*" or "*apple cider with honey and spices*"

May also use a fanciful name but it must not be misleading as to the identity of the product

- The fanciful name and statement of composition must be the same size and font and must appear together on the Brand Label



Requires formula approval

[27 CFR 4.34\(a\)](#)



Any Other Mandatory Label Information?

≥7% and Covered by a COLA

If applicable the following information must appear:

See [27 CFR 4.32](#) for details

On blends consisting of American and foreign wines, if any reference is made to the presence of foreign wine, the exact percentage by volume

Declarations of the presence of:

- FD&C Yellow No. 5
- Cochineal extract or carmine
- Sulfites



Sulfite Declaration

7% or More Alc. by Vol.

Label must contain a sulfite declaration if the cider/perry product contains 10 ppm or more sulfur dioxide

- “Contains Sulfites” or “Contains Sulphites”

No statement required if cider/perry product contains less than 10 ppm

- Obtain Lab Analysis
- Submit analysis with COLA



[27 CFR 4.32\(e\)](#)



Any Other Mandatory Label Information?

≥7% and Covered by a COLA

Indication of Tax Class – Wine paid at the Hard Cider Tax rate

Labels of cider/perry products removed during 2017 and 2018 are not required to indicate whether or not the product is eligible for the Hard Cider tax rate

For removals made during calendar year 2017 and 2018, you may voluntarily use “Tax Class 5041(b)(6)” to identify the tax class

For removals made starting January 1, 2019, “Tax Class 5041(b)(6)” must appear*

[27 CFR 24.257\(a\)\(4\)\(i\)\(B\)](#)

*We are accepting comments on this in Notice No. 168A



Any Other Mandatory Label Information?

Containers of all imported cider and perry products are required to be marked, branded and labeled (for example a **Country of Origin** statement) in accordance with CBP regulations

- [19 CFR part 11](#), [part 12](#) and [part 134](#)



TTB Labeling Requirements for Imports

FAA Act rules (including COLAs, standards of fill, prohibited practices, etc.) apply to imported wine containing **7% or more** alc. by vol.

Starting January 1, 2019, “Tax Class 5041(b)(6)” must appear

- [27 CFR 27.59\(a\) & \(b\)](#)

*As per temporary regulations
found in T.D. TTB - 147



“Cider” in the Brand Name?

≥7% and Covered by a COLA

“Cider” may be used in a brand name on wines that meet the standard of identity for cider





“Cider” in the Brand Name?

≥7% and Covered by a COLA

“Cider” must be modified to be used in the brand name of wines that do not meet the standard of identity for cider





“Cider” in a Fanciful Name

≥7% and Covered by a COLA

“Cider” may be used in a fanciful name in conjunction with the word “flavored” when flavors are added to apple wine

The fanciful name “*apple perry*” or “*pear cider*” would not be approved because it is misleading as to the identity of the product



Optional Label Claims





Appellation Of Origin

≥7% and Covered by a COLA

***“Cider”* and *“Perry”* labels may bear an appellation of origin (for example, a country, state or county) if:**

At least 75% of the cider/perry is derived from fruit grown in the named appellation

The wine has been fully finished:

- if labeled with a State appellation, within the labeled State or an adjacent State
- If labeled with a county appellation, within the State in which the labeled county is located (“County” or “Parish” must accompany the name(s))

[27 CFR 4.25](#)



Appellation Of Origin

≥7% and Covered by a COLA

American Viticultural Areas, which are defined as grape growing regions, may NOT be used on cider and perry products

[27 CFR 4.25](#)



Orchard/Farm/Ranch Name

≥7% and Covered by a COLA

95 percent of the cider/perry product in the container must have been produced from apples/pears grown on the named orchard, farm or ranch

[27 CFR 4.39\(m\)](#)



Gluten Free

Alcohol beverages that are made from ingredients that do not contain gluten (such as cider fermented from apples) may make "gluten-free" claims in compliance with FDA regulations for inherently gluten-free products

[TTB Ruling 2014-2 - Revised Interim Policy on Gluten Content Statements](#)

[Gluten-Free Labeling of Foods on www.FDA.gov](http://www.FDA.gov)



Organic



Any use of the term “organic” on any cider/perry product label must comply with the United States Department of Agriculture's (USDA) National Organic Program rules ([7 CFR part 205](#)) as interpreted by the USDA

What Cannot Appear on the Label?





Vintage Dates

≥7% and Covered by a COLA

Vintage dates (year of harvest) may only be used on wines made from grapes

- [27 CFR 4.27](#)

Bottling date is allowed

- “Bottled in __” (insert the year in which bottled)
- [27 CFR 4.39\(c\)](#)



Misleading Impressions

≥7% and Covered by a COLA

Labels may not contain statements/images/etc. that TTB finds are likely to mislead the consumer



Prohibited Practices ≥7% and Covered by a COLA

See [27 CFR 4.39](#) for the full list of prohibited labeling practices

COLA Requirements





When is a COLA Required?

≥7% Alc. by Vol.

Applies only to cider/perry products that contain **7% or more** alcohol by volume

Only required if the cider/perry product will be shipped in or otherwise introduced into interstate or foreign commerce [27 CFR 4.50\(a\)](#)

The bottler/packer must get a COLA before bottling/packing the product



Certificate of Exemption

≥7% Alc. by Vol.

A certificate of exemption is also issued on [TTB Form 5100.31](#)

Applies only to cider/perry products that contain **7% or more** alcohol by volume

Signifies that the associated product is exempt from the labeling rules in part 4*

Issued under the condition that the product **will under no circumstances be introduced into interstate or foreign commerce** [27 CFR 4.50\(b\)](#)

- The label must bear the statement, “For sale in (*name of state where bottled*) only”



Questions?

CIDER RESOURCES



TTB Cider Contacts

National Revenue Center (NRC)	
Email	General Inquiries: TTBInternetQuestions@ttb.gov List of NRC Email Contacts provides you with email addresses for questions related to a specific commodity or tax area.
Telephone	Toll-free at 877-TTB-FAQS (877-882-3277)
Permits Online	Toll-free at 855-882-7665 Fax: 202-453-2989 Email: permits.online@ttb.gov
Address	National Revenue Center 550 Main Street, Suite 8002 Cincinnati, Ohio 45202
TTB Tip Line	Report suspected fraud, diversion, and other illegal activity Toll-Free: 855-882-8477



TTB Cider Contacts

Alcohol Labeling, and Formulation Division

Telephone	(202) 453-2250 or Toll-Free at (866) 927-ALFD (2533)
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Email	alfd@ttb.gov
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Regulations and Rulings Division

Telephone	(202) 453-2265
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Email	Regulations@ttb.gov
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Resources on TTB.gov

Cider FAQs

<https://www.ttb.gov/resources/faqs/alcohol#Cider>

Subscribe to automatically receive the weekly TTB Newsletter (via email)

<https://public.govdelivery.com/accounts/USTTB/subscriber/new>

Secure Email Communication with TTB

<https://www.ttb.gov/about-ttb/email-security>



Resources on TTB.gov

Quick Reference Guide to Wine Excise Tax

<https://www.ttb.gov/tax-audit/quick-reference-guide-to-wine-excise-tax>

2017 Schedule of Semi-Monthly Tax Due Dates

<https://www.ttb.gov/tax-audit/excise-tax-and-export-due-dates>

2017 Schedule of Quarterly Tax Due Dates

<https://www.ttb.gov/tax-audit/excise-tax-and-export-due-dates>

Common Compliance Issues in a TTB Bonded Wine Premises Audit

<https://www.ttb.gov/wine/wine-common-audit-issues>



Resources on TTB.gov

Labeling (7% and more alcohol by volume)

- Gluten Content Statements

<https://www.ttb.gov/images/pdfs/rulings/2014-2.pdf>

- Allowable Revisions to previously approved labels

<https://www.ttb.gov/labeling/allowable-revisions>

- Alcohol Beverages Labeled with Organic Claims

<https://www.ttb.gov/alfd/alcohol-beverages-labeled-with-organic-claims>

- Current Processing Times for Label Applications

<https://www.ttb.gov/labeling/processing-times>



Resources on TTB.gov

Smart Forms and Forms Tutorials

- [TTB F 5120.17sm](#) – Report of Wine Premises Operations Smart Form
- [TTB P 5120.17 Color Coded Sample Report of Wine Premises Operations](#)
- [TTB F 5000.24sm](#) – Excise Tax Return [Smart Form](#)
- [Helpful Hints in Preparing Excise Tax Return](#)



Resources

Permits Online

- Permits Online Homepage
<https://www.ttb.gov/ponl/customer-support>
- Customer Reference Guide
<http://www.ttb.gov/ponl/customer-reference-manual-permits-online-0515.pdf>





Resources

Formulas

- Alcohol Beverage Formula Approval home page
<https://www.ttb.gov/formulation>
- Formulas Online Homepage
<https://www.ttb.gov/formulation>
- Formulas Online User Guide
https://www.ttb.gov/images/pdfs/foia_fonl-docs/fonl_oim_um.pdf





Resources

COLAs Online

- COLAs Online Homepage

<https://www.ttb.gov/labeling/colas>

- COLAs Online User Guide

https://www.ttb.gov/images/pdfs/labeling_colas-docs/colas_ol_oim_um.pdf





Resources

FDA Labeling

- Under FDA's laws and regulations, FDA does not pre-approve labels for food products
- Questions concerning the labeling of under 7% cider may be directed to:

Food Labeling and Standards Staff (HFS-820)
Office of Nutrition, Labeling, and Dietary Supplements
Center for Food Safety and Applied Nutrition
Food and Drug Administration
Telephone: (240) 402-2371

FDA Food Labeling Guide

<http://www.fda.gov/Food/GuidanceRegulation/GuidanceDocuments/RegulatoryInformation/LabelingNutrition/ucm2006828.htm>