



**CRAFT
BREWERS
CONFERENCE**
& BrewExpo America

TTB Bootcamp for Brewers

Craft Brewers Conference
Denver | April 8, 2019



TTB Disclaimer

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 (TTB) 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 applicable laws and regulations for the most current requirements.

Sample documents (such as records, returns, and labels) and can images are for illustrative purposes only and contain fictitious data.

TTB 2019 Bootcamp Schedule

Time	Subject	Speaker
12:00 to 12:20	TTB Overview	Susan Evans
12:20 to 12:30	Hemp Update	Janelle Christian
12:30 to 1:15	Brewer's Notices	Susan Evans
1:15 to 2:00	Records, Reports, and Returns	Charyl Sjowall Missy Keller
2:00 to 2:15	Break	
2:15 to 3:00	Formulas	Christian Fay
3:00 to 4:00	Labeling	Michael Webster

TTB Overview

SUSAN EVANS

Director, Office of Industry and State Outreach





TTB Overview

- We are a bureau within the Department of the Treasury
- We currently have about 480 employees
- Our headquarters are in Washington, DC
- The National Revenue Center is in Cincinnati, Ohio
- We have field offices located across the country
- We have 4 laboratories, located in Maryland and California



Our Mission

- **COLLECT** the taxes on alcohol, tobacco, firearms, and ammunition
- **PROTECT** the consumer by ensuring the integrity of alcohol products
- **ENSURE** only qualified businesses enter the alcohol and tobacco industries
- **PREVENT** unfair and unlawful market activity for alcohol and tobacco products



Our 5-Year Strategic Goals



GOAL 1: Facilitate Commerce through the Timely Issuance of Permits to Qualified Applicants



GOAL 2: Facilitate Commerce through a Modern Labeling Program Focused on Service and Market Compliance



GOAL 3: Improve Tax Compliance through Increased Voluntary Compliance and Enhanced Enforcement



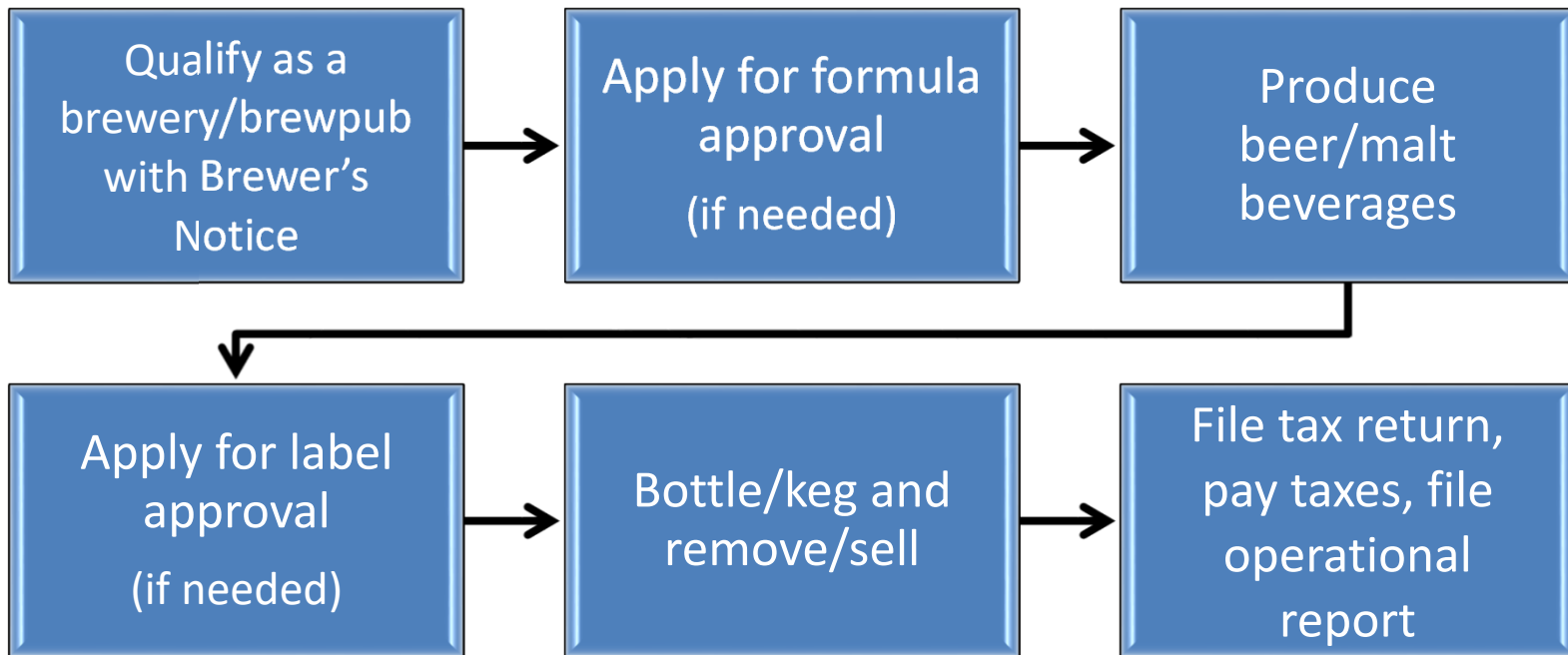
GOAL 4: Address Cross-Border Tax Risk through Data Driven Enforcement



GOAL 5: Equip the Workforce for Professional Growth and Development by Revitalizing TTB Training

[TTB Strategic Plan FY 2018-2022](#)

Follow the TTB Path for Brewers

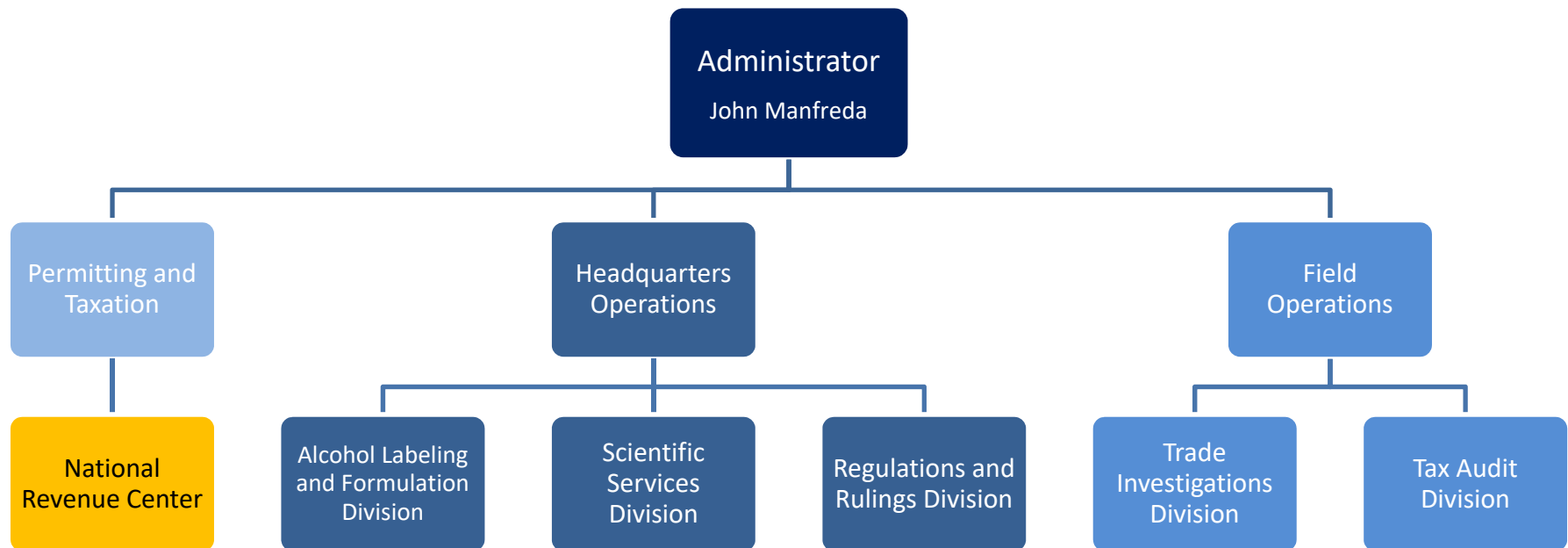


Ongoing once your Brewer's Notice is approved:

- 1) Keep records of brewery operations
- 2) report changes to your business or brewery to TTB



TTB Organizational Chart





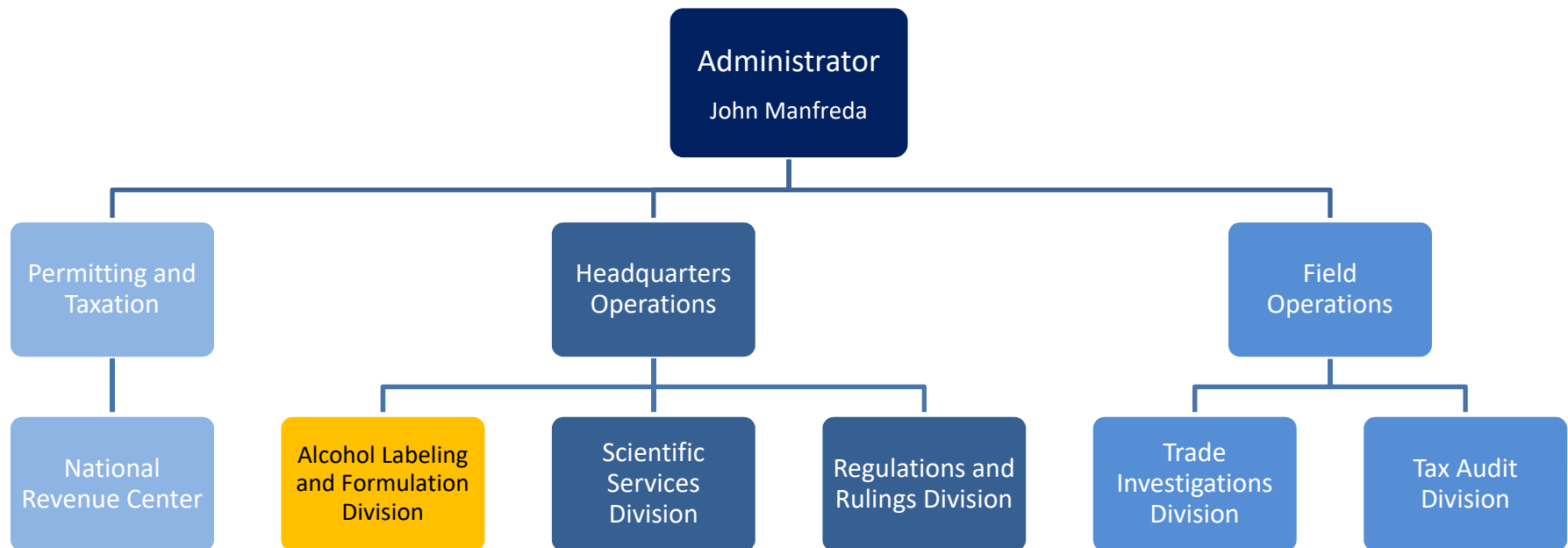
National Revenue Center

- Issues permits/notices/registrations
- Processes tax returns, operational reports, and claims

- Located in Cincinnati, Ohio
- Toll-Free: 877-882-3277
- Web Form: [Submit Online Inquiry](#)



TTB Organizational Chart





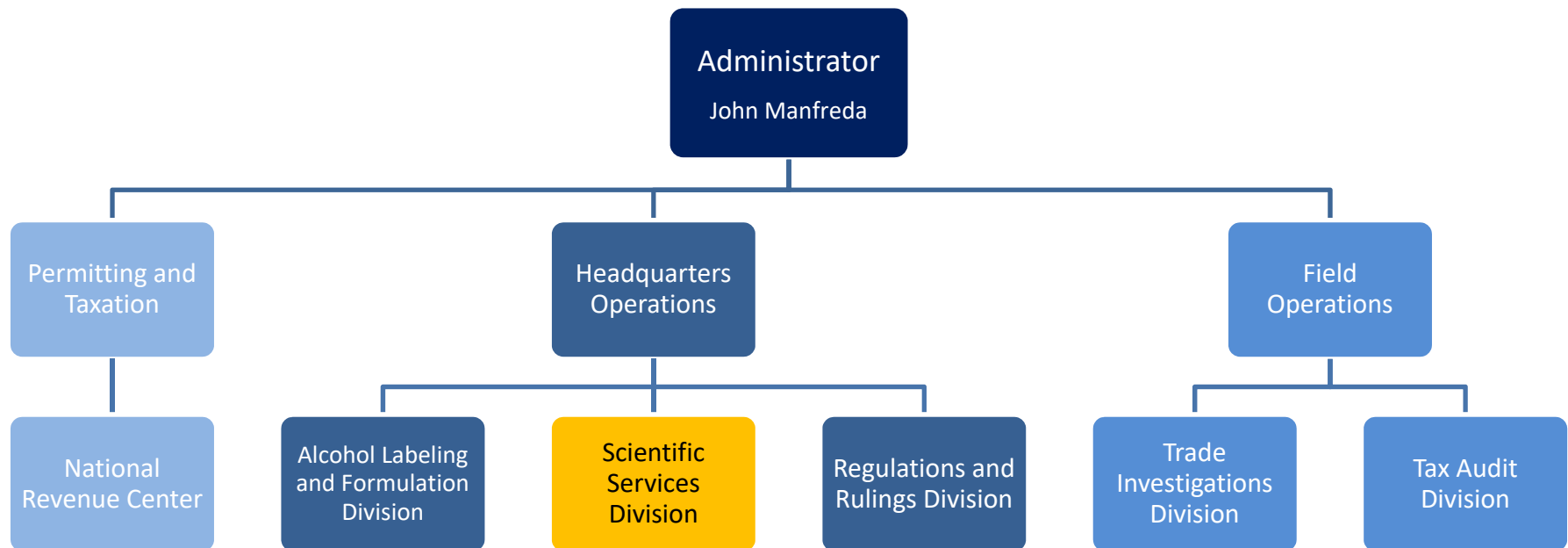
Alcohol Labeling and Formulation Division

- Processes applications for formula approval
- Processes applications for label approval

- Located in Washington, DC
- Toll-Free: 866-927-2533
- Web Form: [Submit Online Inquiry](#)



TTB Organizational Chart



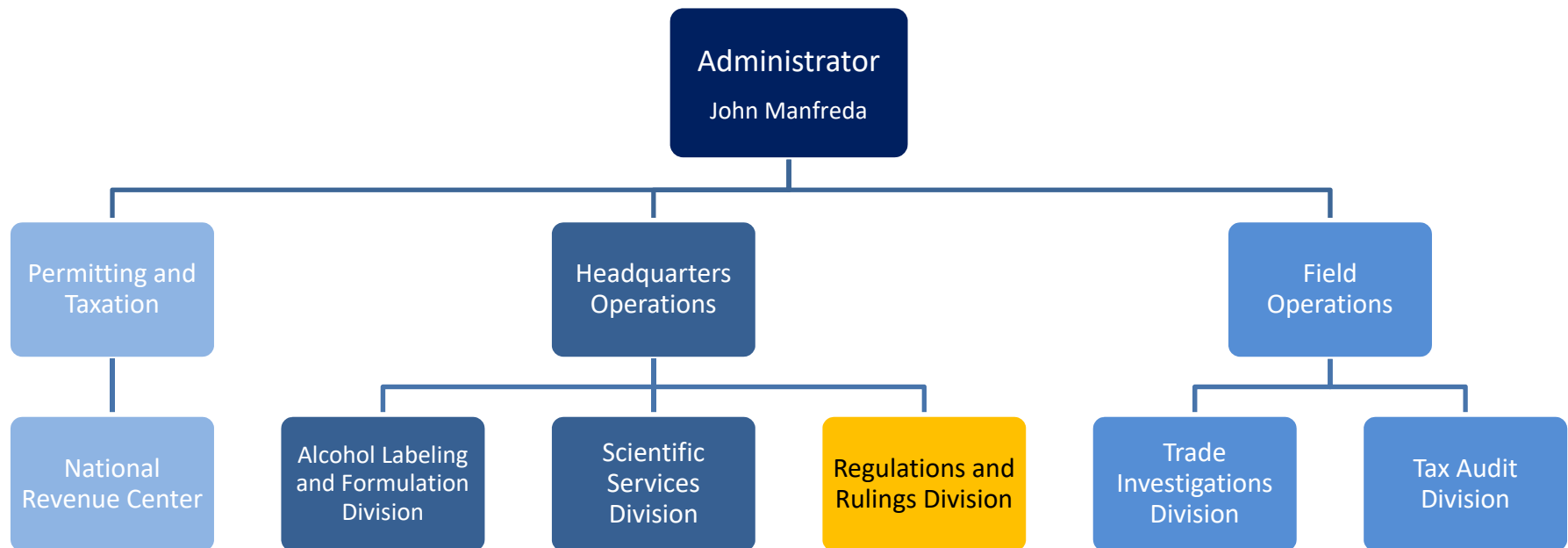


Scientific Services Division

- Beverage Alcohol Laboratory
 - Performs analysis of samples for formula approval for certain domestic and imported products
 - Located in Beltsville, Maryland
 - 240-264-1665
 - Web Form: [Submit an Online Inquiry](#)



TTB Organizational Chart





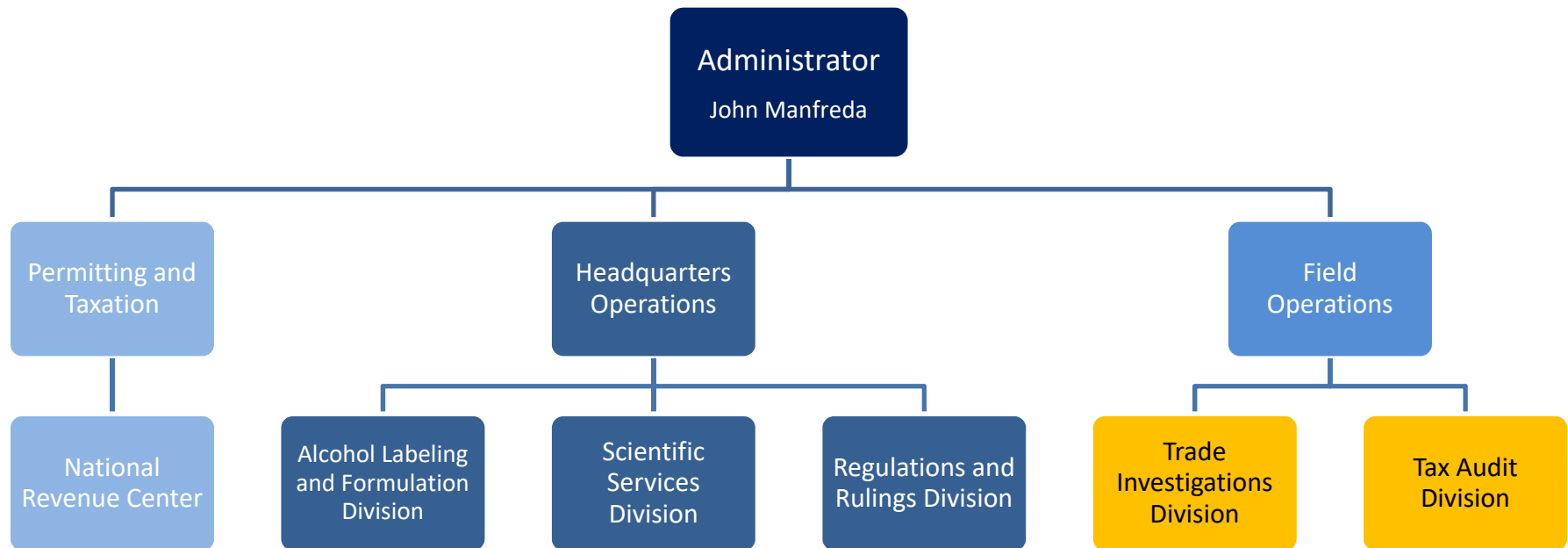
Regulations and Rulings Division

- Develops and publishes new and amended TTB regulations
- Develops and publishes industry guidance
- Evaluates requests for variances/alternate procedures

- Located in Washington, DC
- 202-453-2265
- Web form: [Submit Online Inquiry](#)



TTB Organizational Chart





Tax Audit & Trade Investigations Divisions (Field Enforcement)

- Ensures the proper payment of excise taxes
- Ensures compliance with laws and regulations
- Conducts trade practice investigations
- Located throughout the U.S.A.
- For questions about trade practices:
 - 202-453-2251
 - TradePractices@ttb.gov



Registration is Open for the Free TTB Trade Practice Seminars

Location	Date	Time	Registration Link
New York, New York Ted Weiss Federal Building	April 24, 2019	8:30 AM-Noon	Register Now
		1:00 PM-5:00 PM	Register Now
San Diego, California DoubleTree by Hilton Hotel San Diego – Mission Valley	June 4, 2019	8:00 AM-Noon	Register Now
		1:00 PM-5:00 PM	Register Now
Seattle, Washington Crowne Plaza Seattle Downtown	June 6, 2019	8:00 AM-Noon	Register Now
		1:00 PM-5:00 PM	Register Now
St. Louis, Missouri Robert A Young Federal Building	August 1, 2019	8:00 AM-Noon	Register Now

<https://www.ttb.gov/news/registration-open-2019-trade-practice-seminars.shtml>

TTB Laws and Regulations

QUICK OVERVIEW





TTB Laws and Regulations*

Domestic Breweries

- Internal Revenue Code (IRC)
 - 26 U.S.C. Chapter 51 (the law)
 - [27 CFR part 25 – Beer](#) (the regulations implementing the law)
- Federal Alcohol Administration Act (FAA Act)
 - 27 U.S.C. 205 (the law)
 - [27 CFR part 7 – Labeling and Advertising of Malt Beverages](#) (the regulations implementing the law)

* Not a complete list



IRC Definition of Beer

- *Beer is:* Beer, ale, porter, stout, and other similar fermented beverages (including saké and similar products) of any name or description **containing one-half of one percent or more of alcohol by volume, brewed or produced from malt, wholly or in part, or from any substitute for malt**
 - Only rice, grain of any kind, bran, glucose, sugar, and molasses are substitutes for malt
 - In addition, brewers may also use the following materials as adjuncts in fermenting beer: honey, fruit, fruit juice, fruit concentrate, herbs, spices, and other food materials
 - You may use flavors and other nonbeverage ingredients containing alcohol in producing beer in certain amounts

27 CFR part 25



FAA Act Definition of Malt Beverage

- A malt beverage is: A beverage made by the **alcoholic fermentation** of an infusion or decoction, or combination of both, in potable brewing water, of
 - **malted barley with hops**, or their parts, or their products, and
 - with or without other malted cereals, and
 - with or without the addition of unmalted or prepared cereals, other carbohydrates or products prepared therefrom, and
 - with or without the addition of carbon dioxide, and
 - with or without other wholesome products suitable for human food consumption

27 CFR part 7



As a Result...

- A beer is not regulated as a malt beverage under the FAA Act, unless it contains both:
 - Malted barley *AND* hops
- Malt beverages with less than 0.5% alcohol by volume are not taxed as beer under the IRC, but may be subject to FAA Act requirements
- See [TTB Ruling 2008-3](#) for additional information



Therefore...

- **Saké** is beer under the IRC but is not a malt beverage under the FAA Act (it's wine)
- **Near beer** (less than 0.5% ABV) and **alcohol free** malt beverages (0.0% ABV) are potentially subject to TTB label approval
- **Sorghum beers** and other beers made without both malted barley and hops are never subject to TTB label approval, but must be labeled in accordance with Food and Drug Administration (FDA) food labeling requirements



IRC Requirements for (Domestic) Beer

- Applies to all beer produced in the U.S.
- Includes:
 - Qualification of the Brewery/Brewpub
 - Recordkeeping requirements and reports
 - Taxes
 - Formulas (for some beers)
 - Minimum marks, brands and labels requirements

27 CFR part 25



FAA Act Requirements for Malt Beverages

- Applies to domestic and imported malt beverages, but only if they are sold or shipped ... in interstate commerce*
- Includes:
 - Labeling requirements for malt beverages
 - Certificates of Label Approval (COLA)
 - Advertising of malt beverages
 - Trade practices

*Other conditions apply for labeling and COLA requirements

27 CFR part 7

Craft Beverage Modernization & Tax Reform Act

CHANGES EFFECTIVE DURING
2018 AND 2019





Tax Rates for Domestic Beer

Tax Rates for Domestic Beer Removed During Calendar Years 2018 and 2019*			
	Beer Produced by the Brewer		Beer Not Produced by the Brewer
	First 60,000 BBLs	Over 60,000 up to 2,000,000	All BBLs
Domestic Brewer who brews 2,000,000 barrels or less per calendar year	\$3.50	\$16.00	\$18.00
Domestic Brewer who brews more than 2,000,000 barrels per calendar year	\$16.00	\$18.00	

* Additional rules regarding controlled groups and single taxpayers apply



What is “Production”

- For purposes of taking the reduced rates of tax, beer is considered to have been “produced” if it is lawfully brewed or produced at a qualified brewery premises, including beer brewed by fermentation or produced by the addition of water or other liquids during any stage of production
 - Blending or combining two beers does not count as production for purposes of the reduced tax rates
 - Beer received in bond in containers and subsequently removed subject to tax, without any production activity occurring, is not eligible for the reduced tax rates
 - Beer received in bond and merely bottled is also not eligible for the reduced tax rates



What is “Production”

- The entire volume of beer to which water or other liquids is added is considered “produced” for purposes of applying the reduced tax rates
- TTB expects production activities to be undertaken in good faith in the ordinary course of production, and not solely for the purpose of obtaining a reduced rate
- The eligibility for the reduced rate is also subject to controlled group and single taxpayer rules, which may further limit the beer subject to the reduced rate upon removal by the brewer



Controlled Group and Single Taxpayer Rules

- **Controlled Group:** The Act provides that the quantities to which the credits and reduced rates apply shall be applied to the controlled group. The Act also provides that an importer electing to receive an assignment of a credit or reduced tax rate from a foreign manufacturer shall be deemed a member of the controlled group of the foreign manufacturer.
- **Single Taxpayer:** The Act provides that two or more entities (whether or not under common control) that produce products marketed under a similar brand, license, franchise, or other arrangement shall be treated as a single taxpayer for purposes of the credits and reduced rates.
 - See [TTB Industry Circular 2018-5](#) for additional details on single taxpayers



Tax Rates for Imported Beer

Tax Rates for Beer that is Imported During Calendar Years 2018 and 2019*		
	First 6,000,000 BBLs	Over 6,000,000 BBLs
Beer Importer	\$16.00	\$18.00

* Additional controlled group, single taxpayer, and foreign producer assignment rules apply.



Foreign Manufacturer Election

- In the case of beer brewed or produced outside of the United States and imported, foreign brewers may assign the reduced rates to importers who elect to receive it
- U.S. Customs and Border Protection (CBP) is responsible for the collection of tax on imported alcohol products and for issuing guidance about foreign manufacturer elections
- CBP has issued interim guidance ([CSMS #18-000403](#)) for importers



Transfer of Beer in Bond

- The Act authorizes the transfer of beer in bond between brewers who are not owned by the same corporation or other entity
- See [2018-1 Transfer of Beer Between Breweries Not of the Same Ownership](#)



Summary & Questions

Using Hemp and Hemp Derivatives in Alcohol Beverages



JANELLE CHRISTIAN

Industry Outreach Program Manager

Note: Policy may have changed since publication of this presentation. Please consult TTB.gov for the latest policy



2000 Hemp Policy

- When drafted, “hemp” referred to the parts of the cannabis plant excluded from the definition of marijuana in the Controlled Substances Act (CSA), 21 U.S.C. Section 802(16) (such as sterilized seeds and seed oil)
- All components in the beverage must comply with FDA and DEA regulations
- Finished product cannot contain a controlled substance
- TTB formula approval is required, even for products sold only intrastate
- You must submit a report of laboratory analysis of the hemp component



Recent Amendment to Law

- The 2018 Farm Bill amended the definition of marijuana under the CSA to exempt “hemp,” as follows:
 - The term ‘hemp’ means the plant *Cannabis sativa* L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis
- The law explicitly preserved FDA’s authority to regulate products containing cannabis or cannabis-derived compounds under the Federal Food, Drug and Cosmetic Act (FD&C Act)
- TTB defers to FDA on whether the use of hemp ingredients would violate the FD&C Act



CBD and other Hemp Ingredients in Food

- Any substance intentionally added to food (including alcohol beverages) is a food additive, and therefore subject to premarket review and approval by FDA, unless the substance is generally recognized as safe (GRAS)
- Aside from three hemp seed ingredients, no other cannabis-derived ingredients have been the subject of a food additive petition, an evaluated GRAS notification, or have otherwise been approved for use in food by FDA
- After enactment of the 2018 Farm Bill, FDA stated that it is unlawful under the FD&C Act to introduce into interstate commerce any food to which CBD has been added (FD&C Act Section 301(II))
 - [See also: FDA Regulation of Cannabis and Cannabis-Derived Products: Questions and Answers](#)



Terpenes and Botanical Extracts

- “Terpene” refers to a class of organic chemical compounds that may be sourced from plants or synthesized in a laboratory
- FDA has issued regulations that authorize individual synthetic terpenes for use in food (see, *e.g.*, 21 CFR 182.60)
- Many forms of botanical extracts are authorized for use in food in specific FDA regulations; **botanical extracts from cannabis (hemp) are not included in these regulations**
- FDA has advised that alcohol beverage industry members interested in using botanical extracts containing mixtures of terpenes sourced from hemp, or any other plant, should consider submitting a GRAS notice



Alcohol Beverage Formulas for Products Containing Hemp Ingredients

- Based on FDA's public statements and TTB's ongoing consultations with FDA, at this time TTB will return for correction any applications for formulas containing hemp ingredients (other than ingredients derived from hemp seeds or hemp seed oil)
- The correction notices will advise formula applicants that they have the option of resubmitting the formula upon receipt of an individual determination from FDA on the regulatory status of their ingredients
- In light of the changes in the 2018 Farm Bill, TTB will update guidance on the use of hemp and hemp derivatives



Summary & Questions

Brewer's Notices

SUSAN EVANS

Director, Office of Industry and State Outreach





Definitions

- **Brewery:** The land and buildings described in the Brewer's Notice...where beer is produced and packaged
- **Brewer:** Any person who brews beer (except [for home brewers] under 26 U.S.C. 5053(e)) and any person who produces beer for sale
- **Brewer's Notice:** the TTB document issued to qualified applicants that authorizes a brewer to produce beer for sale and, optionally, to operate a tavern on the brewery premises

27 CFR 25.11



What is a “Brewpub”?

- “**Brewpub**” is synonymous with “**tavern on premises,**” which is defined as a portion of the brewery premises where beer is sold to consumers
- Food, and/or taxpaid wine, and/or taxpaid distilled spirits may be sold
- Taxpaid beer produced by other brewers may be sold

27 CFR 25.25



Brewpub vs. Tasting/Tap Room

Brewpub on Premises

- Area where beer is sold to consumers (the tavern) that is part of the brewery premises
- You may run lines from the cellar to the serving tanks in the tavern
- Beer transferred to the tavern must be tax-determined, and tax is paid on the entire tank in the next return period
- Beer may be served by the glass or in containers

Tasting Room Off Premises

- Area where beer is sold that is NOT part of the brewery premises, but may be adjacent to it
- You may NOT run lines from the brewery to tasting room (or any areas not qualified as part of the brewery)
- Beer transferred to tasting room must be taxpaid when removed from the brewery
- All beer transferred to tasting room must be in consumer containers, and labeled as per TTB regulations



Tasting Rooms

Brewery applicants are asked a series of questions in Permits Online to help distinguish what can and cannot be done by a brewery

Will you have a tasting room?: * Yes No

Do you plan to charge for samples, tours, and/or parking?: * Yes No

Do you understand that the tasting room must be physically separated from the brewing area(s)? This usually consists of walls with a locked door or a fence with a locking gate: * Yes No

Do you understand that if a brewery charges for samples, parking, or tours, the tasting room cannot be part of the brewery premises and you must tax pay the beer before removing it to the tasting room?: * Yes No

Do you understand you cannot run lines from the brewery to the tasting room (beer should be tax paid and removed to the tasting room in kegs or some other type of TTB approved container)?: * Yes No

Describe how the tasting room will be physically separated from the brewing area(s). : *



Alternation of Premises

When the premises is used by the same owner/same EIN to conduct another TTB - regulated business, such as a winery or distilled spirits plant

- If you are an already established brewery and wish to add a winery or distilled spirits plant, you must submit:
 - A new application for the commodity operations that you are adding
 - Updated diagram showing which areas will be alternating
 - Variance request to use brewery for another purpose
 - Variance from the requirement to submit notification of each alternation
 - Change in Bond (Consent of Surety) TTB Form 5000.18 – if applicable



Alternation of Proprietorship

When two or more proprietors with different EINs are operating at the same premises and sharing space and/or equipment. Generally, the proprietor of an existing brewery, the “host brewer,” agrees to rent space and equipment to a new “tenant brewer.”

- The **host** brewer is required to submit:
 - An alternating proprietorship agreement (a contract between the host and tenant)
 - Updated diagram showing which areas will be alternating and which will be the permanent non-alternating space of both the host and tenant
 - Variance Requests:
 - Application to **Use Brewery for Other Purposes**
 - **Change in Premises** to allow the use of brewery records in lieu of filing an amended brewer’s notice with each alternation of the premises



Alternation of Proprietorship

- The **tenant brewer** is required to submit:
 - An alternating proprietorship agreement (a contract between the host and tenant)
 - Variance Requests:
 - **Retention and Preservation of Records** - Place of Maintenance - if the host, under POA for the tenant, plans to prepare or store records on the premises of the host brewery
 - **Notice of Alternation** - to allow the establishment of an alternating proprietorship with the host brewer
 - **Change in Premises** to allow the use of brewery records in lieu of filing an amended brewer's notice with each alternation of the premises
 - A business plan showing the development plans for the business.
- See [TTB Industry Circular 2005–2](#) for more information



Did You Know...?

- Before you submit your application generally construction should be complete with necessary equipment in place or on order
- You cannot begin producing beer until you receive your approved Brewer's Notice
- A brewery cannot be located in a residence
- If you have an adjacent tasting room you must describe it in the description of the premises and it should also be shown on your diagram



The Benefits of Using Permits Online


- You can self-register
- Contains step-by-step guidance
- Some fields are auto-filled
- You may “Save and resume” applications to complete later
- You have 24/7 access
- You’ll receive email notifications of status changes
- You’ll see cost and time savings on mailing, copying, paper storage



Register for an Account in Permits Online

Home	My Submissions	Resume Draft	Help
------	----------------	--------------	------

User Name or E-mail:	<input type="text"/>	Password:	<input type="password"/>	Log in »
<input type="checkbox"/> Remember me on this computer	I've forgotten my password	New Users: Register for an Account		



<https://www.ttonline.gov/permitsonline/Default.aspx>



What to Gather Before You Apply

- There are number of supporting documents that you'll be required to submit with your application
- Plan ahead and review the list before you begin the application
- Use our [What to Gather Before You Apply tool](#) to see the full list

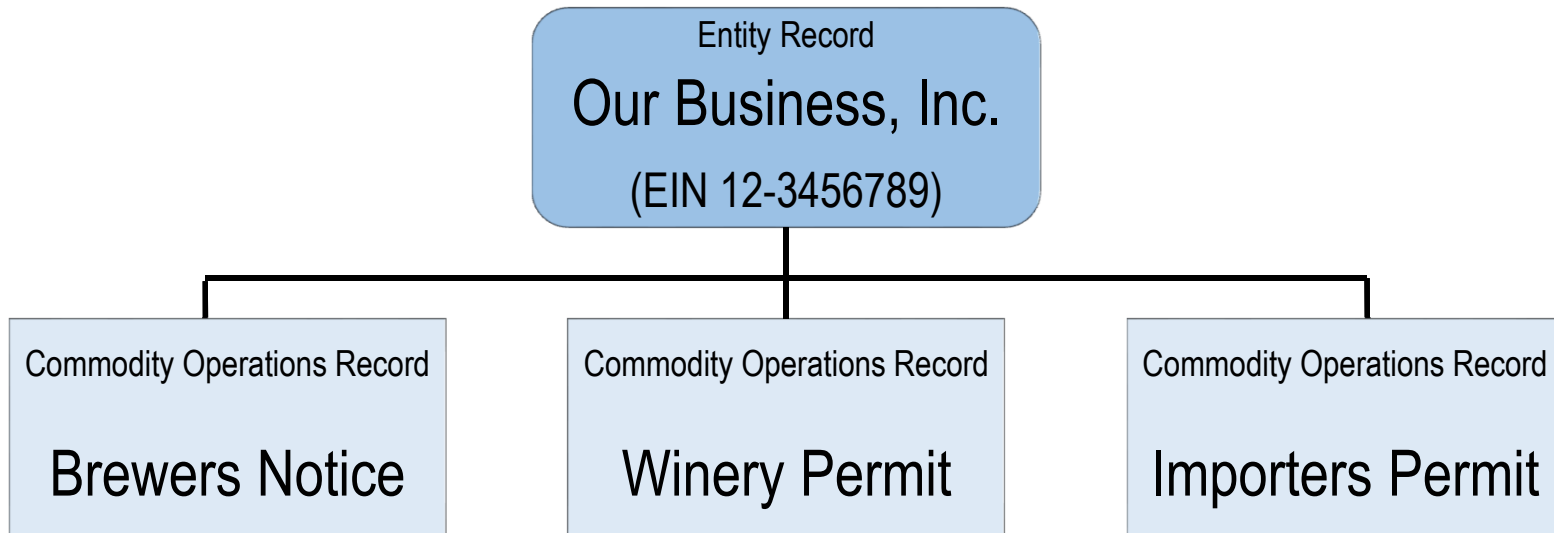


Business Entity and Commodity Operations

- Your information in Permits Online is organized in two different kinds of records
 - The **entity** record equates to a single company or business entity, represented by a unique Employer Identification Number (EIN)
 - A **commodity operations** record is created for each TTB-regulated operation or permit, registration, or notice the entity is approved for
- A typical entity record will have at least one, but may have multiple commodity operations records associated with it



Business Entity and Commodity Operations





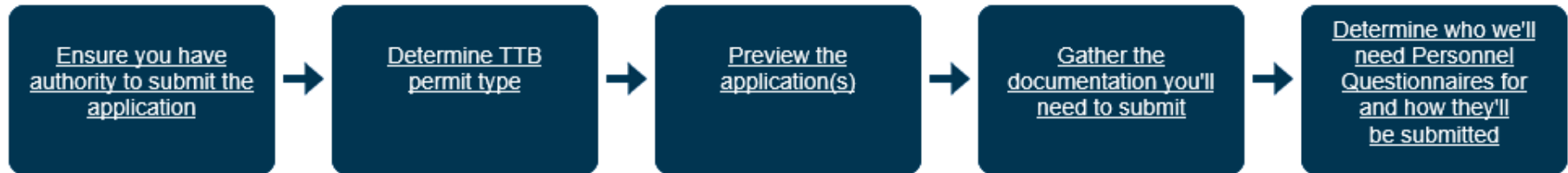
Business Entity and Commodity Operations

- When applying to start a new TTB-regulated business, you'll complete both a new entity application and a new commodity operations application for each permit, registration, or notice you need
- If you need to file an amendment related to the business entity, you file one application and the changes are associated with each TTB permit, registration, or notice held by that company

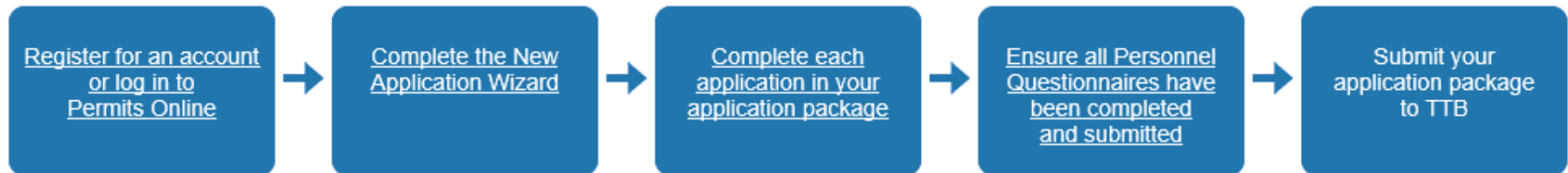


Overview of the Application Process

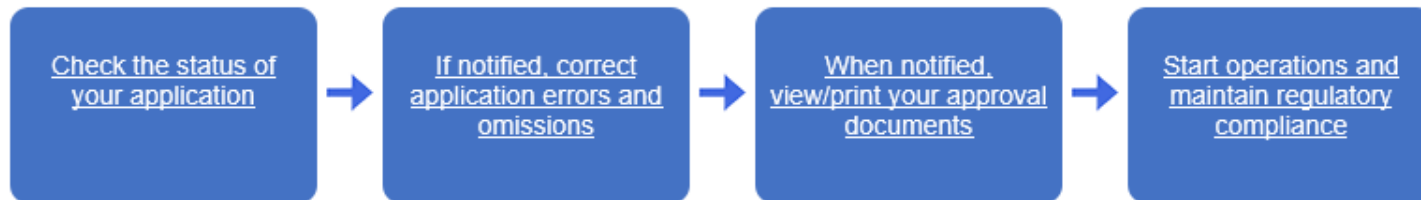
1. Getting Ready



2. Apply and Submit Using Permits Online



3. After Filing



<https://www.ttb.gov/ponl-help/application-process-overview.shtml>



Changes You Must Report to TTB

- Change in:
 - the legal business name
 - controlling ownership
 - any partner or general partner
 - any stockholder or members holding ownership of 10 percent or more
 - corporate officer, directors, or any titled positions
- Adding, revoking, or changing:
 - signing authority
 - power of attorney



Changes You Must Report to TTB

- Change in:
 - premises location
 - bond
 - construction or use of building
 - operations
 - DBA/Operating name
 - mailing address
- Adding or removing:
 - trade names
 - noncontiguous premises
 - alternation of premises
 - alternation of proprietor
 - variance or alternate method
- Termination of operations



Termination of Business

- If you are discontinuing business:
 - File a final Operations Report (TTB Form 5130.9 or TTB Form 5130.26) showing all beer on hand as paid or transferred to new owner before termination
 - The Report must be marked "FINAL REPORT" and have 0.0 "on hand" amount end-of-period
 - File final TTB Form 5000.24, Excise Tax Return, covering the last period of liability marked "FINAL RETURN"
 - The period should cover up to the last day of business as a brewery and should include all removals



Permits Online Guidance

- Permits Online will guide you through the entire application process, but if you want to see guidance before you start:
 - [Permits Online Help Center](#)
 - [Permits Online tutorial](#)



Summary & Questions

Brewery Records, Reports, and Returns

CHARYL SJOWALL

Investigator

MISSY KELLER

Tax Specialist





Using TTB.gov

The screenshot shows the top navigation bar of the TTB.gov website. On the left is the TTB logo and name: "TTB Alcohol and Tobacco Tax and Trade Bureau, U.S. Department of the Treasury". The main navigation menu includes "Who We Are", "What We Do", "TTB Audiences", and "Resources". On the right, there is a "REPORT FRAUD: TTB Tips Online" link, a search bar, and language options: "Contact TTB | Español | Français | 中文". Below the navigation bar is a grid of program areas:

PROGRAM AREAS	REGS & GUIDANCE	TAXES AND FILING	ONLINE SERVICES	ENFORCEMENT
Beverage Alcohol	Laws	Tax Reform (CBMTRA)	Permits Online	Tip Line
Nonbeverage Alcohol	Regulations	Pay.gov	COLAs Online	Offers in Compromise
Tobacco	Rulings	Tax Due Dates	Formulas Online	Investigations
Formulation	Procedures	Tax Rates	Pay.gov	Audits
Labeling	Industry Circulars	Preparing Returns	Public COLA Registry	Tax Services
Advertising	Federal Register	File Disaster Claims	Online Help Center	Beverage Alcohol
Market Compliance	Publications	Special Occupational Taxes		Product Diversion
Trade Practices	Other Guidance			Tobacco Diversion
International Affairs				
Firearms and Ammunition				

<https://www.ttb.gov/index.shtml>



Records, Reports & Returns

Records

Operations
Report

Excise Tax
Return



Required Records | Purpose

- Captures each day's brewery operations
- Source documents for all entries on the Brewers Reports and Excise Tax Returns
- What a TTB auditor reviews to support your tax liability and compliance
- See 27 CFR part 25 – Beer
 - Subpart U
 - Sections 25.291 - 25.301

Subpart U—Records and Reports

§25.291	Records.
§25.292	Daily records of operations.
§25.293	Record of ballings and alcohol content.
§25.294	Inventories.
§25.295	Record of unsalable beer.
§25.296	Record of beer concentrate.
§25.297	Report of Operations, Form 5130.9 or Form 5130.26.
§25.298	Excise tax return, Form 5000.24.
§25.299	Execution under penalties of perjury.
§25.300	Retention and preservation of records.
§25.301	Photographic copies of records.



Records | Basic Info

27 CFR 25.291

- Brewers are required to:
 - maintain daily records that capture brewery operations
 - make required daily transactions by the close of the next business day
 - maintain records at the brewery and make them available for inspection by TTB
 - Retain required records for 3 years
- If certain requirements are met, electronic records may be retained on equipment located off the brewery premises



Daily Records | General

27 CFR 25.291

- There is generally no required format for required records
- Records may be self-created spreadsheets/documents, invoices, computer-generated summaries, commercial or business documents, bills of lading, credit memos, or TTB required forms
- Records must accurately and clearly reflect the details of each operation and/or transaction, and must contain all the necessary data



Electronic Code of Federal Regulations (CFR)

Key Beer Topics



Beer Labeling

Activities including alcohol fact labeling, generic terms, and allowable COLA changes



Brewer's Notice (Permit)

Getting qualified so you can apply for permission to operate, and help with Permits Online



Importing/Exporting

Requirements for importing and exporting alcohol beverages, and wholesaler/importer info



Taxes and Filing

Tax rates and due dates, Pay.gov and help with filing and preparing excise tax returns



Changes After Qualification

File amendments for change of bond and control using Permits Online



Beer Statistics

Monthly statistical releases going back to 1984



Beer Laws and Regulations

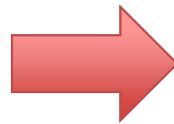
Public guidance including FAQs, procedures, rulings and industry circulars



Other Beer Topics

Such as saké, alternating proprietorships and frequently requested listings

[TTB.gov/beer/beer-regs](https://www.ttb.gov/beer/beer-regs)
[ecfr.gov/Title27/27cfr25](https://www.ecfr.gov/Title27/27cfr25)





Daily Records of Operations & Daily Summaries

25.292 has two parts:

(a): Daily Records

(b): Daily Summaries

25.292(a) basically has five subject areas:

1. materials & production
2. packaging
3. removals
4. returns
5. other

Beer * = beer & *cereal beverage*

§25.292 Daily records of operations.

(a) **Daily records.** A brewer shall maintain daily records of operations which show by quantity the following:

Materials & Production

- 1) Each kind of material received and used in the production of beer * (including the balling and the quantity of each type of material used in the production of wort or concentrated wort).
- 2) Beer * produced (including water added after production is determined).

Packaging

- 3) Beer * transferred for and returned from bottling.
- 4) Beer * transferred for and returned from racking.
- 5) Beer * bottled.
- 6) Beer * racked.

Removals

- 7) Cereal beverage removed from the brewery.
- 8) Beer removed for consumption or sale. For each removal, the record will show the date of removal, the person to whom the beer was shipped or delivered (not required for sales in quantities of one-half barrel or less for delivery at the brewery), and the quantities of beer removed in kegs and in bottles.
- 9) Beer removed without payment of tax. For each removal, the record will show the date of removal, the person to whom the beer was shipped or delivered, and the quantities of beer removed in kegs, bottles, tanks, tank cars, tank trucks, tank ships, barges or deep tanks of vessels.
- 10) Packaged beer used for laboratory samples at the brewery.
- 11) Beer consumed at the brewery.

Returns

- 12) Beer returned to the brewery from which removed.
- 13) Beer returned to the brewery after removal from another brewery owned by the brewer.

Destruction, losses, misc.

- 14) Beer reconditioned, used as material, or destroyed.
- 15) Beer received from other breweries or received from pilot brewing plants.
- 16) Beer * lost due to breakage, theft, casualty, or other unusual cause.
- 17) Brewing materials sold or transferred to pilot brewing plants (including the name and address of the person to whom shipped or delivered) and brewing materials used in the manufacture of wort, wort concentrate, malt syrup, and malt extract for sale or removal.
- 18) Record of tests of measuring devices.
- 19) Beer purchased from other brewers in the purchasing brewer's barrels and kegs and such beer sold to other brewers.

Summaries

(b) **Daily summary records.** A brewer shall maintain daily summaries of the following transactions:

- 1) Beer * bottled;
- 2) Beer * racked;
- 3) Beer removed for consumption or sale;
- 4) Beer returned to the brewery from which removed;
- 5) Beer returned to the brewery after removal from another brewery owned by the brewer; and
- 6) Brewing materials, beer * in process, and finished beer * on hand.



Daily Records of Operations

27 CFR 25.292(a)(1) – (19)

Most Commonly Used Records:

- Raw materials received (used for beer production)
- Beer produced by fermentation
- Beer transferred to/from packaging (bottling and/or racking)
- Beer packaged (bottled and/or racked)
- Beer removed for consumption or sale – beer transferred to serving/tax-determined tanks, or packaged and transferred to a cooler/taxpaid storage
- Beer returned to brewery
- Beer lost due to breakage, theft, or destroyed

NOTE: when used here, “Beer” means “beer or cereal beverage”



Daily Summary Records

27 CFR 25.292(b)(1)–(6)

- Each day, brewers must also summarize a few of the daily records:
 - Beer packaged (bottled and/or racked)
 - Beer removed for consumption or sale
 - Beer returned to the brewery from which removed
 - Beer returned after removed from another brewery owned by the brewer
 - Brewing materials, beer in process, and finished beer on hand
- You may maintain daily summary records on the associated daily records



Example Production Record – Batch Record / Brewing Log

BREWING LOG

27 CFR 25.292 (a)(2)

DATE:	1/9/2019	PRODUCT:	AMBER
TANK:	FV 1	BATCH #	2019-002

INGREDIENTS

GRAIN / MALT:			HOPS:		
Malt 1	100	LBS	Hops 1	100	OZ
Malt 2	200	LBS	Hops 2	200	OZ
Wheat	300	LBS			
YEAST:			OTHER: (dates added)		
YEAST 1	300	OZ	<i>flavors, calcium, potassium, etc</i>		

PROCESS

MASH		FERMENTER	
BATCH SIZE		EST BATCH SIZE	BBLS
VOLUME	GAL	MEAS VOL	BBLS
GRAVITY		EST OG	
DATE TO FV		MEAS OG	
NOTES		DATE FINISHED	
		NOTES	

STATISTICS

EST ABV		EST FINAL GRAV	
MEAS ABV		MEAS FG	

REMOVAL / PACKAGED

DATE		DATE	
TD TANK #		BT #	
VOL REC'D	BBLS	VOL REC'D	BBLS
		KEGS	
VOL LOSS	BBLS	SIZES	
NOTES		CASES	
		SIZES	
		VOL PCKGD	BBLS
		VOL LOSS	BBLS

Materials used on a Batch Record / Brew Log should be subtracted from the Materials Received / Used Record



Example Materials Received/Used Record

Date	Description	MALT / GRAIN (LBS)								RECEIPTS	HOPS (OZ)				RECEIPTS	OTHER			RECEIPTS
		A	B	C	D	E	F	G	H	USE	A	B	C	D	USE	A	B	C	USE
										TOTALS					TOTALS				
1-Dec	RECEIPT (ABC)	750.00	400.00	150.00						1,300.00	300.00	300.00			600.00				
4-Dec	RECEIPT (XYZ)						200.00	300.00	300.00	800.00					0.00				
5-Dec	RECEIPT (ABC)				375.00	2,200.00				2,575.00			200.00	200.00	400.00				
9-Jan	BATCH# AMB2019-002	(100.00)	(200.00)						(300.00)	(600.00)	(100.00)	(200.00)			(300.00)				
SUMMARY: MATERIALS ON HAND		650.00	200.00	150.00	375.00	2,200.00	200.00	-	300.00		200.00	100.00	200.00	200.00		.	.	.	

Entries on the daily materials received / used record are supported by invoices, receipts and by brew / batch records –

27 CFR 25.292(a)(1)(2) & (b)(6)



Example Packaging Record

BOTTLING LOG

27 CFR 25.292(a)(3)-(6)

DATE	BBLS TO BOTTLG	BBLS BOTTLD	LOSSES
3-Jan	101.00	100.02	0.98
5-Jan	252.00	249.97	2.03
10-Jan	353.00	341.02	11.98
11-Jan	203.00	199.99	3.01
14-Jan	526.00	524.97	1.03
19-Jan	498.00	474.97	23.03
25-Jan	251.00	250.05	0.95
28-Jan	102.00	100.02	1.98

TOTALS 2,286.00 2,241.01 44.99
2,241.01

AMBER		WHEAT		RASPBERRY		WINTER		IPA	
12/12	12/24	12/12	12/24	12/12	12/24	12/12	12/24	12/12	12/24
100.02									
		174.99	74.98						
		190.01	55.02	95.99					
				199.99					
						199.99	74.98	199.99	50.01
								399.99	74.98
100.02	50.01	100.02							
								100.02	

200.04 50.01 465.02 130.00 295.98 - 199.99 74.98 700.00 124.99

RACKING LOG

27 CFR 25.292(a)(3)-(6)

DATE	BBLS TO RACKING	BBLS RACKED	LOSSES
3-Jan	25.00	25.00	-
10-Jan	182.00	180.00	2.00
11-Jan	75.00	75.00	-
14-Jan	5.00	5.00	-
17-Jan	55.00	50.00	5.00
19-Jan	100.00	100.00	-
21-Jan	50.00	50.00	-

TOTALS 492.00 485.00 7.00
485.00

AMBER		WHEAT		RASPBERRY		WINTER		IPA	
1/2	1/4	1/2	1/4	1/2	1/4	1/2	1/4	1/2	1/4
25.00									
		100.00	80.00						
				75.00					
						5.00			
								50.00	
75.00	25.00								
									50.00

100.00 25.00 100.00 80.00 75.00 - 5.00 - 50.00 50.00



Example Removal Record (Brewpub)

Finished beer transferred (removed) from a fermenter to a serving tank/tax-determined tank

TAX-DETERMINED FOR USE IN BREWPUB / TAVERN

27 CFR Part 25: 25.25 (c)(1) / 25.292(a)(8)

MONTH: JANUARY

TANK	TRANSF	PROD / BATCH #	TD TANK	BBLS
FV 1	3-Jan	Rasp-2019-001	TD 2	50.25
FV 2	5-Jan	Wheat-2019-001	TD 1	62.46
FV 4	6-Jan	Amber-2019-001	TD 3	75.32
FV 3	7-Jan	IPA-2019-001	TD 2	47.30
FV 1	10-Jan	Winter-2019-001	TD 3	55.98
FV 5	11-Jan	Rasp-2019-002	TD 1	67.85
FV 2	13-Jan	Wheat-2019-002	TD 4	63.98
FV 3	14-Jan	IPA-2019-002	TD 2	45.87
FV 4	17-Jan	Amber-2019-002	TD 1	80.42
FV 1	18-Jan	IPA-2019-003	TD 3	57.94
FV 3	19-Jan	Winter-2019-002	TD 4	35.97
FV 5	31-Jan	Rasp-2019-003	TD 2	56.47
FV 2	24-Jan	Wheat-2019-003	TD 1	47.94
FV 3	27-Jan	IPA-2019-004	TD 4	58.29
FV 1	31-Jan	Rasp-2019-004	TD 3	45.98

15 BATCHES

852.02



Example Removal Record

Packaged beer removed from bonded storage area, and sold or delivered to retailers/the public

DAILY SHIPPING REPORT								
27 CFR Part 25: 25.292(a)(8)								
MONTH: JANUARY								
DATE	INVOICE	QUAN / UNITS	KEG	BBLS	CASE	BBLS	TOTAL BBLS	\$3.50 60,000
3-Jan	12489	84	1/2	42.00			42.00	\$ 147.00
3-Jan	12489	40	1/4	10.00			10.00	\$ 35.00
3-Jan	12489	3,196			12/12	115.98	115.98	\$ 405.94
10-Jan	12490	372			12/24	27.00	27.00	\$ 94.50
10-Jan	12490	92,805	1/2	20.00			20.00	\$ 70.00
11-Jan	45987	136	1/4	34.00			34.00	\$ 119.00
13-Jan	45988	1,752			12/12	63.58	63.58	\$ 222.53
17-Jan	12491	647			12/24	46.96	46.96	\$ 164.36
17-Jan	12491	2	1/2	1.00			1.00	\$ 3.50
17-Jan	12491	1,500			12/12	54.44	54.44	\$ 190.52
27-Jan	12492	92	1/2	46.00			46.00	\$ 161.00
27-Jan	12492	80	1/4	20.00			20.00	\$ 70.00
27-Jan	12492	3,361			12/12	121.97	121.97	\$ 426.90
31-Jan	12493	621			12/24	45.07	45.07	\$ 157.75
31-Jan	12493	132	1/2	66.00			66.00	\$ 231.00
		104,820		239.00		475.00	714.00	\$ 2,499.00



Example Returns to Brewery Record

- **Lost** due to breakage, theft, etc.
- **Destroyed**
- **Returned** to brewery

Invoices would support the entries on this type of summary

DAILY RETURNED LOG						
27 CFR 25.292 (a)(12)						
DATE	DESCRIPTION	SIZE	QUANTITY	BARRELS	REASON	REMOVED BY
1/3	Amber	1/2	10	5	bad date	JG
1/10	Raspberry	12/24	96	6.97	bad date	PH
1/12	Wheat	1/4	24	6	bad date	JG
1/19	Winter	12/24	140	10.16	damaged packaging	SH
1/26	Amber	12/24	56	4.06	bad date	PH



Beer Removed Without Payment of Tax 27 CFR 25.292(a)(9)–(11)

- Beer may be removed without tax payment ONLY when:
 - Transferred in bond to another brewery
 - Unfit for beverage use
 - Used for analysis or testing
 - Transferred to a distilled spirits plant
 - Exported/used as supplies for vessels and aircraft
 - For personal use: only sole proprietorships and partnerships. The annual limit is 100 gallons per household with one adult or 200 gallons for households with two or more adults (27 CFR 25.207)
- See 27 CFR Subpart L 25.181 – 207 for details on these kinds of removals



Beer Removed Without Payment of Tax Consumed on Premises - 27 CFR 25.292(a)(9)–(11)

F 5130.26: Quarterly Brewers Report

Part 1 – Beer Summary

Additions to Beer Inventory	Number of Barrels (round to the nearest second decimal)		Removals from Beer Inventory	Number of Barrels (round to the nearest second decimal)	
1. Total amount of beer on hand at beginning of quarter (Entry from LINE #17 from last quarterly report. If this is the first report for this brewery, enter "0".)			10. Beer removed for consumption or sale including beer removed tax determined for consumption or sale in a tavern on brewery premises		
2. Total amount of beer produced by fermentation, plus total amount of water or other liquids added			11. Beer removed without payment of tax as outlined under Subpart L of 27 CFR part 25 (see Instruction #12)		
3. Beer received in bond (see Instruction #10)			12. Beer consumed on premises (see Instruction #13)		
4. Beer returned to the brewery after removal from the brewery (see Instruction #11)			13. Beer destroyed on premises (see Instruction #14)		
5. Physical inventory disclosed an overage			14. Losses, including theft (see Instruction #15)		
6.			15. Physical inventory disclosed a shortage (see Instruction #15)		
7.			16.		
8. Total additions to inventory, plus beer on hand (add lines 1 through 7)			17. Total amount of beer on hand at end of quarter (see Instruction #16)		
9. Adjustments to additions from a prior reporting period (see Instruction #17)	(*)	(-)	18. Adjustments to removals from a prior reporting period (see Instruction #17)	(*)	(-)
			19. Total beer (see Instruction #18)		

**Quarterly Report:
Lines 11 – 14:
removed without
payment of tax**

Beer consumed on the premises – 25.292(a)(11)





Beer Removed Without Payment of Tax Exports - 27 CFR 25.292(a)(9)

- Beer Exported – for details see 27 CFR part 28
 - Direct export without payment of tax
 - [Industry Circular 2004-3 Alcohol and Tobacco Export Documentation Procedures](#)
 - [TTB Form 5130.12 - Beer for Exportation](#)
 - Export tax paid with benefit of drawback
 - [TTB F 5130.6 - Drawback on Beer Exported](#)



Inventory Records

27 CFR 25.294

Monthly Physical Inventory

- Required every month
- May be taken within 7 days of the end of the month
- Must include the following information
 - Date taken
 - Quantity of beer on hand
 - Losses, gains, shortages
 - Signature under penalty of perjury



Example Inventory Record

Larger Breweries Reporting on TTB Form 5130.9

27CFR25.294

	Bay 1				Bay 2				Bay 3				Bay 4				Bay 5				Bay 6							
	Amber				Wheat				Raspberry				Winter				IPA											
	1/2	1/4	12/12	12/24	1/2	1/4	12/12	12/24	1/2	1/4	12/12	12/24	1/2	1/4	12/12	12/24	1/2	1/4	12/12	12/24	1/2	1/4	12/12	12/24	1/2	1/4	12/12	12/24
Count			304	414			7303	703			303	110			28	138			10637	634								
Barrels	0	0	11.03	30.05	0	0	265.03	51.02	0	0	11	7.98	0	0	1.02	10.02	0	0	386.02	46.02	0	0	0	0	0	0	0	0

TOTAL				
	1/2	1/4	12/12	12/24
Count	366	596	18575	1999
Barrels	183	149	674.09	145.09

Bay 7				
	1/2	1/4	12/12	12/24
Count				
Barrels	0	0	0	0

	Bay 13				Bay 12				Bay 11				Bay 10				Bay 9				Bay 8							
	Amber				Wheat				Raspberry				Winter				IPA											
	1/2	1/4	12/12	12/24	1/2	1/4	12/12	12/24	1/2	1/4	12/12	12/24	1/2	1/4	12/12	12/24	1/2	1/4	12/12	12/24	1/2	1/4	12/12	12/24	1/2	1/4	12/12	12/24
Count	116	120			188	188			32	0			12	104			18	184										
Barrels	58	30	0	0	94	47	0	0	16	0	0	0	6	26	0	0	9	46	0	0	0	0	0	0	0	0	0	0

I declare under the penalties of perjury that this inventory, including the documents submitted in support thereof, has been examined by me and, to the best of my knowledge and belief, is true, correct and complete.

DATE TAKEN _____ TAKEN BY _____

Penalty of perjury statement, signed by person who conducted the inventory



Example Inventory Record

Smaller Breweries Reporting on TTB Form 5130.26

JANUARY

DATE START	VESSEL	BATCH #	BBLS	DATE FINISHED	REMOVED TO	BBLS REC'D	BBLS LOSS
9-Jan	FV 2	AMB2019-001	20.00	16-Jan	TD #1	15.80	4.20
10-Jan	FV 3	IPA2019-001	20.00	17-Jan	TD #2	20.00	-
15-Jan	FV 1	RAS2019-001	20.00	20-Jan	TD #4	18.70	1.30
16-Jan	FV 4	WHE2019-001	20.00	23-Jan	TD #3	19.00	1.00
18-Jan	FV 5	AMB2019-002	20.00	25-Jan	KEGS	18.00	2.00
22-Jan	FV 2	WIN2019-001	20.00				
28-Jan	FV 1	IPA2019-002	20.00				
31-Jan	FV 4	RAS2019-002	20.00				
TOTALS			160.00			91.50	8.50
			60.00	IN PROCESS			
			100.00	FINISHED			

“I declare under the penalties of perjury that this record, including the documents submitted in support thereof, has been examined by me and, to the best of my knowledge and belief, is true, correct and complete.”

Signature: _____ Date: _____

NOTE to Small breweries/brewpubs:
 A similar format could also be used for your **Daily Summary** of Daily Production Records/ Brew Logs

27 CFR 25.292(a)(2) or (b)(5)

Penalty of perjury statement, signed by person who conducted the inventory





Common Issues: Loss vs. Shortage

27 CFR 25.292(a)(16)

- **Loss:** beer lost due to a known event like breakage, spillage or theft
 - Losses are NOT taxed
- **Shortage:** missing quantity of beer disclosed by physical inventory count/unexpected
 - Shortages MAY be taxed
 - Brewer must submit a claim and provide a plausible explanation for the shortage, identify/address defects, or tax may be assessed
- For details on filing claims see 27 CFR 25.283



Common Issues: Recording Beer Destructions

27 CFR 25.292(a)(14)

- Destructions ON Brewery Premises
 - **BEER NOT TAX PAID / TAX DETERMINED**
 - Note the batch record or prepare a destruction record as detailed in §25.225
 - Prior notice and reporting is not required as per §25.221
 - **BEER TAX PAID / TAX DETERMINED**
 - Prepare a destruction record as detailed in §25.225
 - May file a claim for credit of taxes paid
- For details on destructions see 27 CFR Subpart N 25.221–25.225



Common Issues: Recording Beer Destructions

27 CFR 25.292(a)(14)

- Destructions OFF Brewery Premises:
 - Submit Notice of Intent of Destruction on brewery letterhead and fax it to the NRC: (202) 453-2979
 - For credit on taxes paid, within 6 months show as adjustment on the tax return and/or file a claim
- For details on destructions, see 27 CFR subpart N: 25.221–25.225



Common Issues: Recording Returns 27 CFR 25.292(a)(12)(13)

- **Removed from/returned to same brewery:**
 - May take an offset against that day's removals
- **Removed from/returned to a different brewery, same ownership:**
 - May file a claim for refund of tax or make a decreasing adjustment on the tax return – but may not take an offset

27 CFR 25.212 & 25.213

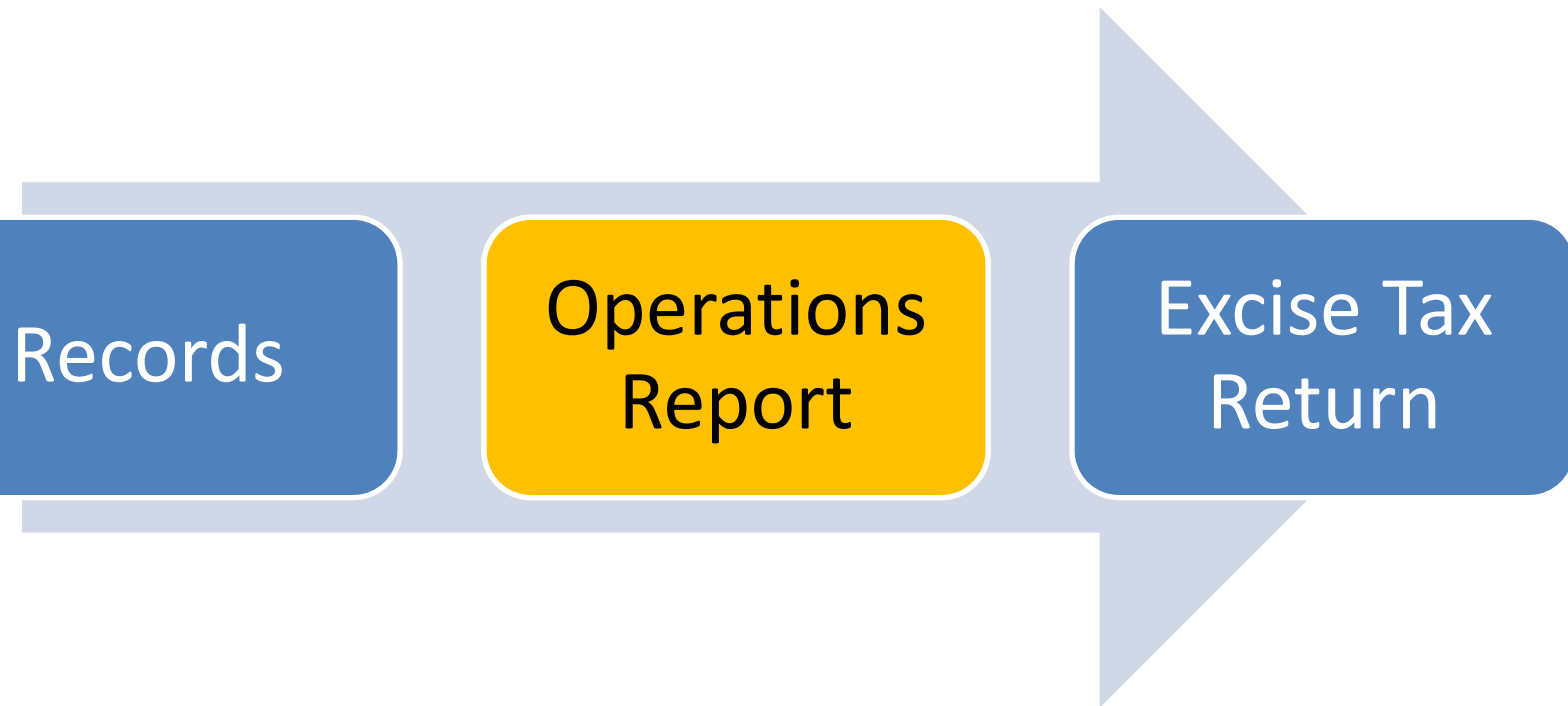


Records | Best Practices

- Familiarize yourself with 27 CFR 25.292 and 25.294
- Build recordkeeping duties into the daily work schedule
- Keep detailed records: who, what, when, where, why, and how much
- Be vigilant about recording production, removals, returns, destructions, losses and shortages
- **IN SUMMARY:** record all operations and transactions at the brewery as soon as possible



Records, Reports & Returns





Beer Barrel Equivalency

- 1 barrel = 31 gallons
- Barrels are the standard unit for tax and reporting
- Taxable removals in kegs must be computed as barrels by using the tables found in 27 CFR 25.156
- Taxable removals in bottles and cans must be computed as barrels by using the tables found in 27 CFR 25.158
- If beer is to be removed in OTHER sizes, the brewer shall notify the NRC in advance and request to be advised of the fractional barrel equivalent



Beer Barrel Equivalency

- **Example:** Barrel equivalent factor for $24/12 = 0.07258$
 - 24 oz. bottles
 - 12 bottles per case
 - 75 cases removed $\times 0.07258 = 5.4435$ beer barrels
 - Use 5.44 beer barrels to compute tax
- You must compute to 5 decimal places on removal records
 - The sum of the quantities computed for any one day will be rounded to 2 decimal places and the tax will be calculated and paid on the rounded sum



Operations Report

- Reports are due the 15th day following the close of the reporting period
- You must file a report even if there was no activity during period
- File quarterly if your tax liability does not exceed \$50,000 in the current or prior calendar year
- File monthly if your tax liability is more than \$50,000 in the current or prior a calendar year
- There is no annual filing option for reports



Operations Reports

- [TTB Form 5130.26 – Quarterly Brewer’s Report of Operations](#)
(if eligible)
- - OR -
- [TTB Form 5130.9 - Brewer’s Report of Operations](#)
- **Note:** Instructions are available for each form:
 - [TTB Form 5130.26i](#) and [TTB Form 5130.9i](#)



**DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (TTB)
BREWER'S REPORT OF OPERATIONS**

Our Brewery EIN is: _____

Our TTB Brewery Number is: _____
BR- _____

TTB can reach the brewery by calling: _____
(____) _____

What is the name of your brewery? _____

What is the location of your brewery? _____

(Number & Street) _____ (City) _____ (County) _____ (State) _____ (ZIP Code) _____

Reporting Period (enter year) _____

Monthly Report for (enter month) _____ OR Quarterly Report for: January - March July - September
 April - June October - December

Part 1 - Beer Summary

Operations (a)	Cellar (b)	Racking		Bottling		Totals (g)
		Bulk (c)	Keg (d)	Bulk (e)	Case (f)	
Additions to Beer Inventory (round your entries to the nearest second decimal)						
1. On hand beginning of this report period (see line 33 totals from last monthly report or line 17 from last quarterly report)						
2. Beer produced by fermentation						
3. Addition of water and other liquids						
4. Beer received from racking and bottling						
5. Beer received in bond (see Instruction #10)						
6. Beer received from cellars						
7. Beer returned to this brewery after removal from this brewery (see Instruction #11)						
8. Beer returned to the brewery after removal from another brewery of same ownership (see Instruction #11)						
9. Racked						
10. Bottled						
11. Physical inventory disclosed an overage						
12. _____						
13. Total additions to inventory, plus beer on hand (add all columns in lines 1 through 12)						

[TTB Form 5130.9 - Brewer's Report of Operations](#)

Removals from Beer Inventory (round your entries to the nearest second decimal)						
14. Removed for consumption or sale (see Instruction #7)						
15. Removed tax-determined for consumption or sale to tavern on brewery premises (see Instruction #12)						
16. Removed without payment of tax for export						
17. Removed without payment of tax for use as supplies (vessels/aircraft)						
18. Removed without payment of tax for use in research and development						
19. Removed without payment of tax to other breweries and pilot brewing plants of same ownership						
20. Removed without payment of tax as beer unfit for sale removed for use in manufacturing						
21. Beer consumed on premises (see Instruction #12)						
22. Beer transferred for racking						
23. Beer transferred for bottling						
24. Beer returned to cellars						
25. Beer racked						
26. Beer bottled						
27. Laboratory samples						
28. Beer destroyed at brewery (see Instruction #13)						
29. Beer transferred to a distilled spirits plant						
30. Losses, including theft (see Instruction #14)						
31. Physical inventory disclosed a shortage (see Instruction #14)						
32.						
33. Total amount of beer on hand at the end of this period (see Instruction #15)						
34. Total beer (see Instruction #16)						
TTB F 5130.9 (04/2015) Page 1 of 2						

[TTB Form 5130.9 - Brewer's Report of Operations](#)



DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (TTB)
QUARTERLY BREWER'S REPORT OF OPERATIONS

Our brewery's EIN is: _____

Our TTB brewery number is:
 BR- _____

TTB can reach the brewery by calling:
 () _____

What is the name of your brewery?

What is the location of your brewery?
 _____ (Number and Street) _____ (City) _____ (County) _____ (State) _____ (Zip Code)

Reporting Period (enter year) _____
 This quarterly report is for: January–March April–June July–September October–December

Part 1 – Beer Summary

Additions to Beer Inventory	Number of Barrels (round to the nearest second decimal)	Removals from Beer Inventory	Number of Barrels (round to the nearest second decimal)				
1. Total amount of beer on hand at beginning of quarter (see #17 from last quarterly report or #33 from TTB F 5130.9. If this is the first report for this brewery, enter "0".)		10. Beer removed for consumption or sale including beer removed tax determined for consumption or sale in a tavern on brewery premises					
2. Total amount of beer produced by fermentation, plus total amount of water or other liquids added		11. Beer removed without payment of tax as outlined under Subpart L of 27 CFR part 25 (see Instruction #12)					
3. Beer received in bond (see Instruction #10)		12. Beer consumed on premises (see Instruction #13)					
4. Beer returned to the brewery after removal from the brewery (see Instruction #11)		13. Beer destroyed on premises (see Instruction #14)					
5. Physical inventory disclosed an overage		14. Losses, including theft (see Instruction #15)					
6. _____		15. Physical inventory disclosed a shortage (see Instruction #15)					
7. _____		16. _____					
8. Total additions to inventory, plus beer on hand (add lines 1 through 7)		17. Total amount of beer on hand at end of quarter (see Instruction #16)					
9. Adjustments to additions from a prior reporting period (see Instruction #17)	<table border="1"> <tr> <td>(+)</td> <td>(-)</td> </tr> </table>	(+)	(-)	18. Adjustments to removals from a prior reporting period (see Instruction #17)	<table border="1"> <tr> <td>(+)</td> <td>(-)</td> </tr> </table>	(+)	(-)
(+)	(-)						
(+)	(-)						
		19. Total beer (see Instruction #18)					

[TTB Form 5130.26 – Quarterly Brewer's Report of Operations](#)

Part 2 - Cereal Beverage Summary (products that are less than 0.5% alcohol by volume)

1. Produced		Bbls.	4. Received		Bbls.
2. Removed		Bbls.	5.		Bbls.
3. Loss and wastage		Bbls.	6. Total on hand at end of quarter		Bbls.

Part 3 – Remarks

(Add remarks below or on a separate piece of paper attached to this form)

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

Signature	Title	Date
-----------	-------	------

TTB F 5130.26 (10/2014)

Page 1 of 1

See Instructions and Paperwork Reduction Act Notice on TTB F 5130.26i.

[TTB Form 5130.26 –
Quarterly Brewer’s
Report of Operations](#)



Records, Reports & Returns



DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (TTB)
EXCISE TAX RETURN

(Prepare in duplicate – See instructions below)

2. FORM OF PAYMENT

CHECK MONEY ORDER EFT OTHER *(Specify)* _____

4. RETURN COVERS (Check one)

PREPAYMENT PERIOD

BEGINNING _____

ENDING _____

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

6. EMPLOYER IDENTIFICATION NUMBER

7. PLANT, REGISTRY, OR PERMIT NUMBER

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

1. SERIAL NUMBER

3. AMOUNT OF PAYMENT

\$ _____

NOTE: PLEASE MAKE CHECKS OR MONEY ORDERS PAYABLE TO THE ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (SHOW EMPLOYER IDENTIFICATION NUMBER ON ALL CHECKS OR MONEY ORDERS). IF YOU SEND A CHECK, SEE PAPER CHECK CONVERSION NOTICE BELOW.

FOR TTB USE ONLY

TAX	\$ _____
PENALTY	_____
INTEREST	_____
TOTAL	\$ _____
EXAMINED BY:	_____
DATE EXAMINED:	_____

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)	\$ 0.00
18. ADJUSTMENTS INCREASING AMOUNT DUE (From line 29)	0.00
19. GROSS AMOUNT DUE (Line 17 plus line 18)	\$ 0.00
20. ADJUSTMENTS DECREASING AMOUNT DUE (From line 34)	0.00
21. AMOUNT TO BE PAID WITH THIS RETURN (Line 19 minus line 20)	\$ 0.00

Under penalties of perjury, I declare that I have examined this return (including any accompanying explanations, statements, schedules, and forms) and to the best of my knowledge and belief it is true, correct, and includes all transactions and tax liabilities required by law or regulations to be reported.

22. DATE _____

23. SIGNATURE _____

24. TITLE _____

[TTB Form 5000.24sm](#)

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)	\$ 0.00	\$ 0.00	\$ 0.00
29. TOTAL ADJUSTMENTS INCREASING AMOUNT DUE (Line 28, Col (b) + (c) + (d)) Enter here and on line 18.			\$ 0.00

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)	\$ 0.00	\$ 0.00
34. TOTAL ADJUSTMENTS DECREASING AMOUNT DUE (Line 33, Col (b) + (c)) Enter here and on line 20.		\$ 0.00

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 (11/2016)

[TTB Form 5000.24sm](#)



Tax Rates for Domestic Beer

Tax Rates for Domestic Beer Removed During Calendar Years 2018 and 2019*			
	Beer Produced by the Brewer		Beer Not Produced by the Brewer
	First 60,000 BBLs	Over 60,000 up to 2,000,000	All BBLs
Domestic Brewer who brews 2,000,000 barrels or less per calendar year	\$3.50	\$16.00	\$18.00
Domestic Brewer who brews more than 2,000,000 barrels per calendar year	\$16.00	\$18.00	

* Additional rules regarding controlled groups and single taxpayers apply



When is There Beer Tax Liability?

“Tax is hereby imposed on all beer brewed or produced and removed for consumption or sale within the U.S. or imported into the U.S.”

26 U.S.C. 5051(a)



Excise Tax Return Filing Frequency

- **Annually:** You may file 1 tax return per year if you are liable for \$1,000 or less of tax on beer in the current and prior calendar year
- **Quarterly:** You may file quarterly if you are liable for \$50,000 or less of tax on beer in the current and prior calendar year
 - Quarters end March, June, September, December

NOTE: Additional rules apply to controlled groups and multiple breweries with the same EIN

27 CFR 25.164



Excise Tax Return Filing Frequency

- **Semi-Monthly:** You must file a tax return two times per month if you are liable for more than \$50,000 in beer tax in the current and prior calendar year
 - The return periods are:
 - 1st through the 15th
 - 16th through the end of month
 - Special rule for September — there is a third return period
 - 1st through the 15th
 - 16th through the 25th*
 - 26th through the 30th*

* See 27 CFR 25.164a(a)(1) for return periods if required to pay by EFT

27 CFR 25.164



Excise Tax Return - TTB Form 5000.24

- Tax returns (and payment, if any) are due the 14th day after the close of the tax period
 - If the due date falls on a weekend or legal holiday, the due date is the immediately preceding business day
- Due date schedule for each year is available on our website
 - https://ttb.gov/tax_audit/fed_ex_tax_due.shtml
- You must file a return even if you have \$0 taxes due

27 CFR 25.164



Email Reminders for Filing Tax Returns and Reports

- Stay current with due dates by subscribing to receive automated email reminders about when to file tax returns and reports of operations
- Visit <https://www.ttb.gov/news/automated-reminders-filing.shtml> to sign up for email reminders




Tax Calculation

**Operations
Report**



**Excise Tax
Return**

 <p style="text-align: center;">DEPARTMENT OF THE TREASURY ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (TTB) QUARTERLY BREWER'S REPORT OF OPERATIONS</p>	Our brewery's EIN is: 000000000
	Our TTB brewery number is: BR- OH-43210
	TTB can reach the brewery by calling: (877) 882-3277

What is the name of your brewery?
Racking Beer Brewery

What is the location of your brewery?
1000 Beer Blvd **Hop** **Barlery** **OH** **55555**
(Number and Street) (City) (County) (State) (Zip Code)

Reporting Period (enter year) **2019**
 This quarterly report is for: January–March April–June July–September October–December

Part 1 – Beer Summary

Additions to Beer Inventory	Number of Barrels <small>(round to the nearest second decimal)</small>	Removals from Beer Inventory	Number of Barrels <small>(round to the nearest second decimal)</small>
1. Total amount of beer on hand at beginning of quarter <i>(see #17 from last quarterly report or #33 from TTB F 5130.9. If this is the first report for this brewery, enter "0".)</i>	5,000.00	10. Beer removed for consumption or sale including beer removed tax determined for consumption or sale in a tavern on brewery premises	2,100.00
2. Total amount of beer produced by fermentation, plus total amount of water or other liquids added	1,500.00	11. Beer removed without payment of tax as outlined under Subpart L of 27 CFR part 25 <i>(see Instruction #12)</i>	
3. Beer received in bond <i>(see Instruction #10)</i>	*	12. Beer consumed on premises <i>(see Instruction #13)</i>	
4. Beer returned to the brewery after removal from the brewery <i>(see Instruction #11)</i>	200	13. Beer destroyed on premises <i>(see Instruction #14)</i>	
5. Physical inventory disclosed an overage		14. Losses, including theft <i>(see Instruction #15)</i>	25.00
6.		15. Physical inventory disclosed a shortage <i>(see Instruction #15)</i>	
7.		16.	
8. Total additions to inventory, plus beer on hand <i>(add lines 1 through 7)</i>	6,700.00	17. Total amount of beer on hand at end of quarter <i>(see Instruction #16)</i>	4,575.00
9. Adjustments to additions from a prior reporting period <i>(see Instruction #17)</i>	(+) (-)	18. Adjustments to removals from a prior reporting period <i>(see Instruction #17)</i>	(+) (-)



Example Reconciliation of Tax Returns to Report of Operations

Reconciliation Report of Operations to Tax Returns				
1/1/2019-3/31/2019				
<u>Report of Operations</u>				
Removed for Consumption or Sale (bbls)			Tax Rate	Total Tax
Kegs		500		
Cases		700		
Tavern		900		
		2100	3.50	7350.00
Less Returns as Offsets				
Cases		200	3.50	700.00
				6,650.00
<u>Tax Returns</u>				
	S/N 2019-1			6,650.00
Note:				
Adjustments to tax liability are a separate matter				



Tax Return – TTB Form 5000.24

DEPARTMENT OF THE TREASURY ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (TTB) EXCISE TAX RETURN <i>(Prepare in duplicate – See instructions below)</i>		1. SERIAL NUMBER	
2. FORM OF PAYMENT <input checked="" type="checkbox"/> CHECK <input type="checkbox"/> MONEY ORDER <input type="checkbox"/> EFT <input type="checkbox"/> OTHER (Specify) _____		2019-1	
4. RETURN COVERS (Check one) <input type="checkbox"/> PREPAYMENT <input checked="" type="checkbox"/> PERIOD BEGINNING 01/01/2019 ENDING 03/31/2019		3. AMOUNT OF PAYMENT \$ 6,650.00	
5. DATE PRODUCTS TO BE REMOVED (For Prepayment Returns Only)		NOTE: PLEASE MAKE CHECKS OR MONEY ORDERS PAYABLE TO THE ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (SHOW EMPLOYER IDENTIFICATION NUMBER ON ALL CHECKS OR MONEY ORDERS). IF YOU SEND A CHECK, SEE PAPER CHECK CONVERSION NOTICE BELOW.	
6. EMPLOYER IDENTIFICATION NUMBER	7. PLANT, REGISTRY, OR PERMIT NUMBER	For TTB Use Only	
0 0 0 0 0 0 0 0 0 0	BR-OH-43210	TAX \$	
8. NAME AND ADDRESS OF TAXPAYER (Include ZIP Code) RACKING BEER BREWERY 1000 BEER BLVD HOP, OH 55555		PENALTY	
		INTEREST	
		TOTAL \$	
		EXAMINED BY:	
		DATE EXAMINED:	



Tax Return – TTB Form 5000.24

CALCULATION OF TAX DUE <i>(Before making entries on lines 18 – 21, complete Schedules A and B)</i>	
PRODUCT (a)	AMOUNT OF TAX (b)
9. DISTILLED SPIRITS	\$
10. WINE	
11. BEER	6,650
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 <i>(Total of lines 9-16)</i>	\$ 6,650
18. ADJUSTMENTS INCREASING AMOUNT DUE <i>(From line 29)</i>	
19. GROSS AMOUNT DUE <i>(Line 17 plus line 18)</i>	\$ 6,650
20. ADJUSTMENTS DECREASING AMOUNT DUE <i>(From line 34)</i>	
21. AMOUNT TO BE PAID WITH THIS RETURN <i>(Line 19 minus line 20)</i>	\$ 6,650
Under penalties of perjury, I declare that I have examined this return <i>(including any accompanying explanations, statements, schedules, and forms)</i> and to the best of my knowledge and belief it is true, correct, and includes all transactions and tax liabilities required by law or regulations to be reported.	
22. DATE 04/08/2019	23. SIGNATURE
	24. TITLE



Tax Return – TTB Form 5000.24

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.			\$
<p>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.</p>			
TTB F 5000.24 (11/2016)			



Pay.gov

- You may electronically file tax returns, file operations reports, and pay taxes through [Pay.gov](#)
 - Secure
 - Convenient and fast
 - Free
 - Checks entries and totals for accuracy
- For more information on how to register, go to
- <https://www.ttb.gov/epayment/epayment.shtml>



Mailing Address for Returns & Payments

- If filing by mail, please be sure to use the correct address
- Late returns or payment are subject to penalties and interest
- **DO NOT** mail returns or payments to the National Revenue Center in Cincinnati, Ohio

TTB
Excise Tax
P.O. Box 790353
St. Louis, MO 63179-0353



Mailing Address for Operations Reports

- If filing operations reports by mail, please be sure to use the correct address

**Director, National Revenue Center
TTB
550 Main St, Suite 8002
Cincinnati, OH 45202-5215**



Summary & Questions

Malt Beverage Formulas

CHRISTIAN FAY
Formula Specialist





Common Formula Questions

- What is a formula?
- Why is a formula required?
- When is a formula required?
- How is a formula submitted?



What is a Formula?

- A formula is the recipe for your beer/malt beverage
- It must include a quantitative list of ingredients
- It must include a description of how the product is produced
- It must indicate a total yield or batch size
- In some instances a sample of the product must also be submitted to TTB for laboratory analysis
- See Formula Basics page on TTB.gov
 - https://www.ttb.gov/formulation/pre_cola.shtml



Why is a Formula Required?

- It's required by TTB regulations
 - Domestic (27 CFR 25.55)
 - Imported (27 CFR 7.31(d))
- We use the information found in the formula to:
 - Classify the product for tax and labeling purposes
 - Ensure that the product does not contain any prohibited ingredients
 - Determine if limited ingredients are used within prescribed limitations or if they will impact labeling
 - Provide a suggested statement of composition for labeling purposes



At What Stage do I Apply for Formula Approval?

- **Domestic** - Formula approval is required prior to producing certain types of beer
- **Imported** - Certain malt beverages are required to undergo formula review prior to issuance of a certificate of label approval



When is a Formula Required?

- Formula approval is required if the brewer uses any of the following ingredients/processes*:
 - Flavors with alcohol
 - Compounded flavors
 - Colors (unless exempted by TTB Ruling 2015-1)
 - Artificial sweeteners
 - Flavors or other agricultural ingredients (unless exempted by TTB Ruling 2015-1)
 - The beverage is frozen and ice crystals are removed (e.g., ice beer)

*Not a complete list



When is a Formula Required?

FAQ B13: Am I Exempt from Formula Requirements if I Sell my Malt Beverage only at my Brewpub or only within my State?

- No
- If a brewer is required to obtain formula approval for a product then approval of the formula must be obtained prior to production, even if the product will be sold only at the brewer's brewpub or otherwise sold only within the state in which it is produced
- Formula requirements also apply regardless of whether the product is sold on tap at the brewer's brewpub or is bottled, canned, or kegged



Which Beers Require Formula Approval?

- Use our online formula tool or check the list in TTB G 2016-1A to determine which kinds of beer require formula approval
 - Tool: https://www.ttb.gov/formulation/formula_approval_tool_mb.shtml
 - List: <https://www.ttb.gov/public-guidance/TTB-G-2016-1A.shtml>

27 CFR 25.53, 25.55 & 7.31(d)



Which Beers Require Formula Approval?

Products that Require Formula Approval

- Ice beer
- Kombucha (when regulated by TTB)
- Malt beverage specialty products, such as flavored beer or beer made with non-traditional processes (unless exempted by [TTB Ruling 2015-1](#))
- Saké

Products that Require Formula with Laboratory Sample Analysis

- “Alcohol Free” malt beverages (0.0 percent alcohol by volume)

See TTB G 2016-1A for additional information

<https://www.ttb.gov/public-guidance/TTB-G-2016-1A.shtml>

27 CFR 25.53, 25.55 & 7.31(d)



Ingredients and Processes that are Exempt from Formula Requirements

- [TTB Ruling 2015-1](#) exempts certain traditional ingredients and processes
- [Attachment 1](#) specifies which ingredients and processes are exempt, for example:
 - Honey, vanilla beans
 - Barrel-aging
- The ruling **does not** exempt flavors containing alcohol or extracts, for example:
 - Vanilla beans are exempt, but vanilla extract is not exempt
- Please note that exempt ingredients cannot comprise more than 49 percent of the fermentables
- TTB can still request a formula and samples for analysis at any time, even when exempt ingredients are used



TTB Ruling 2015-1 | Attachment 1

Exempt Ingredients and Processes Determined to be Traditional Under TTB Ruling 2015-1

TTB Ruling 2015-1
Attachment 1

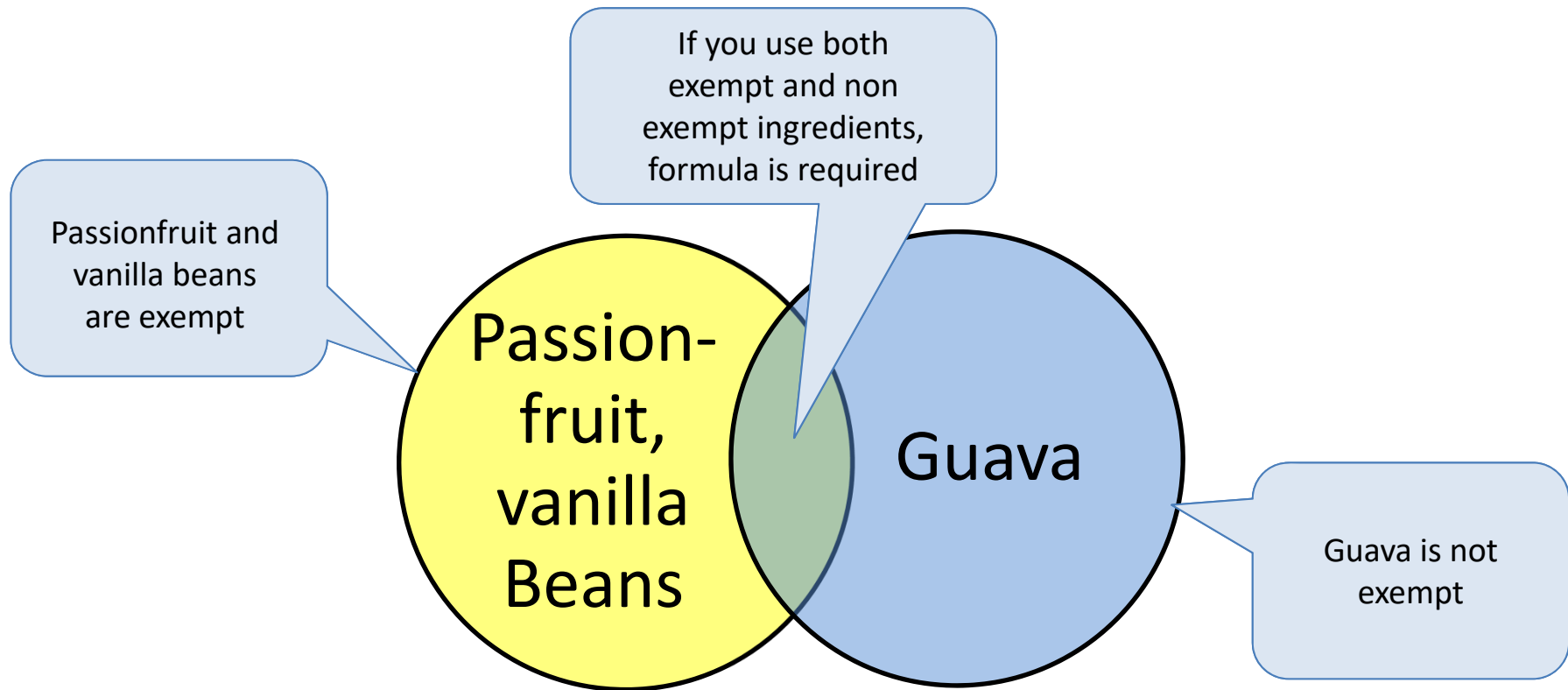
Exempt Ingredients Under the Conditions of TTB Ruling 2015-1

Industry members are responsible for ensuring that all ingredients, including any parts of fruit, used in the production of malt beverages or beer are wholesome products suitable for human food consumption and comply with applicable ingredient safety regulations of the Food and Drug Administration.

INGREDIENT	DESCRIPTION/LIMITATION
AGAVE	Whole, juice, puree, or concentrate. Does not include extracts, essential oils, or syrups.
ALLSPICE	As outlined in FDA's GRAS listing at 21 CFR 182.10 . Spices may be whole or ground. Does not include extracts, essential oils, or syrups.
ANISE	As outlined in FDA's GRAS listing at 21 CFR 182.10 . Spices may be whole or ground. Does not include extracts, essential oils, or syrups.
APPLES	Whole, juice, puree, or concentrate. Does not include extracts, essential oils, or syrups.
APRICOTS	Whole, juice, puree, or concentrate. Does not include extracts, essential oils, or syrups.



Combinations of Exempt and Non Exempt Ingredients





What TTB Looks For When Reviewing Formulas

- Correct designation (Class and Type) – Is the base produced according to the stated standard?
- GRAS (**G**enerally **R**ecognized **A**s **S**afe) status of certain ingredients
- Any limited or prohibited ingredients used
- Correct supporting documentation for certain ingredients
 - Ingredient Specification Sheet (Spec Sheet)
 - Flavor Ingredient Data Sheets
 - Limited Ingredient Calculation Worksheet



Compounded Flavors

- Are one of the following:
 - All natural
 - Natural and artificial containing up to 0.1% artificial content topnote
 - Natural and artificial containing greater than 0.1% artificial content topnote
 - All artificial
 - Non-flavor: product is not flavor (e.g., Cloud Emulsion)
- Submitted to TTB Nonbeverage Lab for Review
- May contain colors



Flavor Ingredient Data Sheet (FID Sheet or FIDS)

- A FID Sheet is a spreadsheet that includes information about certain ingredients used to make a compounded flavor
- Submit one for each compounded flavor used in your product
- The FID Sheet allows TTB to:
 - Ensure that the compounded flavor has been evaluated by the TTB Nonbeverage Products Laboratory (NPL)
 - Verify that your beverage does not contain any ingredients in excess of the limits prescribed by TTB or by FDA
 - Ensure the appropriate labeling of your product
 - Ensure your product complies with TTB restrictions governing how much of the alcohol in your beverage may be derived from flavors and other nonbeverage ingredients containing alcohol
- See [TTB G 2017-4](#) for additional information and examples



Flavor Ingredient Data Sheet (FID Sheet or FIDS)

- Flavor manufacturer supplies form to the brewer
- FID based on exchange between flavor producer and TTB Nonbeverage Laboratory
- It lists concentration of limited ingredients in PPM
- Lists any colors used in flavor
- States alcohol content of flavor
- This information, combined with the use rate, determines classification of flavor

Flavor Ingredient Data Sheet				
Flavor Producer Information				
TTB Co. Code: <u>FLRUS</u>	Date: <u>1/1/2017</u>			
Company Name: <u>Flavors-R-Us LLC</u>	Contact Person: <u>Jane Q. Flavor</u>			
Address: <u>123 Nonexistent Street</u>	Phone: <u>202-555-5555</u>			
<u>Any City, State USA 00000</u>	Fax: <u>202-555-5554</u>			
Check Appropriate Box:				
Flavor Name: <u>Natural Poppin' Pecan Supreme</u>	Approved for Drawback (DrB)	<input type="checkbox"/>		
TTB Drawback Number: <u>123456</u>	Approved as No Action (N/A)	<input checked="" type="checkbox"/>		
Alcohol Range by Volume: <u>50.0 - 54.0</u>	Fit for Beverage Purposes (Fit)	<input type="checkbox"/>		
Flavor Product Number: <u>7891011</u>	Submitted for TTB Approval	<input type="checkbox"/>		
	Not Yet Submitted for TTB Approval	<input type="checkbox"/>		
Classification				
Natural <input checked="" type="checkbox"/>	N&A ≤ 0.1% Topnote <input type="checkbox"/>	N&A > 0.1% Topnote <input type="checkbox"/>	Artificial <input type="checkbox"/>	Non-Flavor <input type="checkbox"/>
Total Artificial Flavor Content: _____ ppm (Excluding Synthetic Vanillin, Ethyl Vanillin, Synthetic Maltol, and Ethyl Maltol)				
Flavor Components				
TTB/FDA Limited Ingredients	TTB/FDA Limitation in Finished Product	Amount of Additive or Agent Present in Flavor	Maximum Use Rate	Coloring Additives and Other Additives that Affect the Beverage Label (check or list label ingredients that effect the beverage label)
1. Synthetic Vanillin	40.0 ppm	_____ ppm	- %	1. FD&C Yellow #5 <input type="checkbox"/>
2. Ethyl Vanillin	16.0 ppm	_____ ppm	- %	2. FD&C Yellow #6 <input type="checkbox"/>
3. Synthetic Maltol	250.0 ppm	_____ ppm	- %	3. FD&C Blue #1 <input type="checkbox"/>
4. Ethyl Maltol	100.0 ppm	_____ ppm	- %	4. FD&C Blue #2 <input type="checkbox"/>
5. Ester Gum	100.0 ppm	_____ ppm	- %	5. FD&C Green #3 <input type="checkbox"/>
6. BVO	15.0 ppm	_____ ppm	- %	6. FD&C Red #40 <input type="checkbox"/>
7. Sodium Benzoate	1,000.0 ppm	<u>5,000</u> ppm	<u>20.00</u> %	7. Grapeskin Extract <input type="checkbox"/>
8. Gum Arabic/Acacia	200,000.0 ppm	_____ ppm	- %	8. Caramel Color <input checked="" type="checkbox"/>
9. Propylene Glycol	50,000.0 ppm	<u>10,000</u> ppm	<u>NO LIMIT</u> %	9. Annatto <input type="checkbox"/>
10. BHA	(≤0.5% Essential Oil)	<input type="checkbox"/> check if contained		10. Elderberry Extract <input type="checkbox"/>
11. Acetic Acid	1,500.0 ppm	_____ ppm	- %	11. Beet Extract <input type="checkbox"/>
12. _____	_____ ppm	_____ ppm	- %	12. Oak Extract <input type="checkbox"/>
13. _____	_____ ppm	_____ ppm	- %	13. Carmine/ Cochineal Extract <input type="checkbox"/>
14. _____	_____ ppm	_____ ppm	- %	14. _____ <input type="checkbox"/>
15. Total Vanillin	40.0 ppm	- ppm	- %	15. _____ <input type="checkbox"/>
16. Total Maltol	250.0 ppm	- ppm	- %	
Confidential Limited Ingredients Not Shown (CLI)				
Check if contained in formula <input type="checkbox"/> Check if CLI was previously submitted <input type="checkbox"/>				
Beverage Manufacturer / Importer: _____				
Formula # / Serial #: _____				
<u>Jane Q. Flavor</u> Title: <u>Supervisory Chemist</u> Date: <u>30-Sep-17</u> Flavor Company Representative Signature				



FID Sheet: Header

Flavor Ingredient Data Sheet

Flavor Producer Information

TTB Co. Code: FLRUS

Company Name: Flavors-R-Us LLC

Address: 123 Nonexistant Street

Any City, State USA 00000

Date: 1/1/2017

Contact Person: Jane Q. Flavor

Phone: 202-555-5555

Fax: 202-555-5554

Flavor Name: Natural Poppin' Pecan Supreme

TTB Drawback Number: 123456

Alcohol Range by Volume: 50.0 - 54.0

Flavor Product Number: 7891011

Check Appropriate Box:

Approved for Drawback (DrB)

Approved as No Action (N/A)

Fit for Beverage Purposes (Fit)

Submitted for TTB Approval

Not Yet Submitted for TTB Approval

Classification

Natural

N&A \leq 0.1% Topnote

N&A $>$ 0.1% Topnote

Artificial

Non-Flavor

Total Artificial Flavor Content: _____ ppm (Excluding Synthetic Vanillin, Ethyl Vanillin, Synthetic Maltol, and Ethyl Maltol)



FID Sheet: Limited Ingredients Section

Flavor Components				
TTB/FDA Limited Ingredients	TTB/FDA Limitation in Finished Product	Amount of Additive or Agent Present in Flavor	Maximum Use Rate	Coloring Additives and Other Additives that Affect the Beverage Label (check or list label ingredients that affect the beverage label)
1. Synthetic Vanillin	40.0 ppm	_____ ppm	- %	1. FD&C Yellow #5 <input type="checkbox"/>
2. Ethyl Vanillin	16.0 ppm	_____ ppm	- %	2. FD&C Yellow #6 <input type="checkbox"/>
3. Synthetic Maltol	250.0 ppm	_____ ppm	- %	3. FD&C Blue #1 <input type="checkbox"/>
4. Ethyl Maltol	100.0 ppm	_____ ppm	- %	4. FD&C Blue #2 <input type="checkbox"/>
5. Ester Gum	100.0 ppm	_____ ppm	- %	5. FD&C Green #3 <input type="checkbox"/>
6. BVO	15.0 ppm	_____ ppm	- %	6. FD&C Red #40 <input type="checkbox"/>
7. Sodium Benzoate	1,000.0 ppm	5,000 ppm	20.00 %	7. Grapeskin Extract <input type="checkbox"/>
8. Gum Arabic/Acacia	200,000.0 ppm	_____ ppm	- %	8. Caramel Color <input checked="" type="checkbox"/>
9. Propylene Glycol	50,000.0 ppm	10,000 ppm	NO LIMIT %	9. Annatto <input type="checkbox"/>
10. BHA	(<0.5% Essential Oil)	<input type="checkbox"/> check if contained		10. Elderberry Extract <input type="checkbox"/>
11. Acetic Acid	1,500.0 ppm	_____ ppm	- %	11. Beet Extract <input type="checkbox"/>
12. _____	_____ ppm	_____ ppm	- %	12. Oak Extract <input type="checkbox"/>
13. _____	_____ ppm	_____ ppm	- %	13. Carmine/ Cochineal Extract <input type="checkbox"/>
14. _____	_____ ppm	_____ ppm	- %	14. _____ <input type="checkbox"/>
15. Total Vanillin	40.0 ppm	- ppm	- %	15. _____ <input type="checkbox"/>
16. Total Maltol	250.0 ppm	- ppm	- %	



Limited Ingredient Calculation Worksheets

- Used to calculate the total amounts of ingredients that have limits on their use per TTB and FDA requirements
- Complete and submit one for each malt beverage made with one or more compounded flavors
- Also useful as a product development tool
 - Allows you to confirm that new product formulas are in compliance with limited ingredient requirements, and whether a flavor will be labeled as artificial prior to submitting the formula
- See [TTB G 2017-6](#) for additional information and examples



Ingredient Specification Sheet (Spec Sheet or Technical Data Sheet)

- A spec sheet is a document or label that lists or describes the contents of an ingredient that is made from more than one component
- Submit a spec sheet for each ingredient that is made from more than one component, e.g., a fruit juice made from water, apples, and sugar
- Should not be used for compounded flavors (use FID sheet)
- See [TTB G 2017-3](#) for additional information and examples



Certified Colors

21 CFR part 74, Subpart A*

FD&C Blue #1	(Brilliant Blue FGF)	(E 133)
FD&C Blue #2	(Indigotine)	(E 132)
FD&C Green #3	(Fast Green FCF)	(E 143)
FD&C Red #40	(Allura Red AC)	(E 129)
FD&C Red #3	(Erythosine lake only)	(E 127)
FD&C Yellow #5**	(Tartrazine)	(E 102)
FD&C Yellow #6	(Sunset Yellow FCF)	(E 110)

*Regulations of the U.S. Food and Drug Administration (FDA)

**Requires specific declaration on labels for finished alcohol beverages



Non-Certified Colors*

21 CFR part 73, subpart A

- Annatto Extract
- Dehydrated beets (beet powder)
- Canthaxanthin
- Caramel Color
- Carmine (Cochineal Extract)**
- Carrot oil
- β -Apo-8'-carotenal
- β -Carotene
- Fruit Juice
- Grape color extract
- Grapeskin Extract (Enocianina)

*This is a partial list. See 21 CFR part 73, Subpart A for a complete list of FDA regulations

**Requires specific declaration on labels of finished alcohol beverages



FDA Requirements

- FDA has authority over food and ingredient safety
 - Approved Food Additives
 - 21 CFR parts 170-186
 - Generally Recognized as Safe
 - Traditional use in food prior to 1958
 - Scientific determination
- Traditional medicines/dietary supplements are not necessarily GRAS
- Importer/producer is responsible for proving that an ingredient is GRAS





GRAS and Restricted Ingredients

- GRAS – **G**enerally **R**ecognized **A**s **S**afe
 - Under sections 201(s) and 409 of the Federal Food, Drug, and Cosmetic Act, any substance that is intentionally added to food is a food additive, that is subject to premarket review and approval by FDA, unless the substance is generally recognized, among qualified experts, as having been adequately shown to be safe under the conditions of its intended use, or unless the use of the substance is otherwise excluded from the definition of a food additive
- Having GRAS status does not impact formula requirements
- FDA maintains a list of prohibited ingredients at 21 CFR part 189
- Certain non-prohibited ingredients may be used within limits
 - http://www.ttb.gov/ssd/limited_ingredients.shtml



TTB Limited Ingredients

- There are 4 artificial flavor materials that TTB allows to be present at certain levels in alcohol beverages without affecting the label declaration:
 - Synthetic maltol
 - Ethyl maltol
 - Synthetic vanillin
 - Ethyl vanillin
- If these limits are exceeded, a “natural flavor” is treated as an “artificial flavor” in the product



Beer/Malt Beverages with Flavors that Contain Alcohol*

- **Final ABV is less than or equal to 6 percent:**
 - at least 51 percent of the alcohol in the final product must come from the malt base
 - no more than 49 percent of the alcohol in the final product can come from the flavor and other nonbeverage materials
- **Final ABV is greater than 6 percent:**
 - no more than 1.5 percent of the volume of the malt beverage can consist of alcohol from flavors and other nonbeverage ingredients containing alcohol
- An alcohol content statement must appear on the label if any alcohol in the malt beverage was derived from added flavors

27 CFR 7.11 & 7.22(a)(5), 27 CFR 25.15



How to Submit a Formula

- The recommended method is completing the full application electronically using [Formulas Online](#)
 - See webinar handout: [How to Register and Submit Formulas through Formulas Online \(July 2018\)](#)
- Although TTB strongly encourages you to use Formulas Online, a paper alternative is also available
 - [TTB Form 5100.51](#) mailed to TTB (use address on the form)



Benefits of Using Formulas Online


- Secure method for drafting, submitting, and tracking your formula applications electronically
- Includes:
 - Step-by-step guidance
 - Data validation checks along the way
 - Application status updates via email
 - Facilitates record keeping
 - Approved formulas are stored online
 - Copies of approved formulas can be printed if needed





1 Measurement

* Type: Percentage Volume/Weight 

* Units: English Metric 

2 Yield Summary

* Total Yield: x 

	* Low	High	* Unit	
* Alcohol Content of Finished Product:	<input type="text" value="6.1"/>	<input type="text" value="6.45"/>	<input type="text" value="% by Volume"/>	
Alcohol From Flavors:	<input type="text" value="0.5"/>	<input type="text" value="0.85"/>	<input type="text" value="% by Volume"/>	
Alcohol From Base:	<input type="text" value="5.6"/>	<input type="text" value="5.6"/>	<input type="text" value="% by Volume"/>	

3 Ingredients List

List ALL ingredients to be used in formulating a batch of the product. Please enter the ingredients in production order.

[Ingredient List Examples](#)

▶ Draft Lemon Pale Ale	990.0 - 995.0 l. AbV: 5.5% - 5.5% PaD: <Not Entered> TTB Formula ID: <Not Entered>	Finished Alcohol	
▶ Flavor Group 1: Natural Mango flavor	1.2 - 5.0 l. TTB Company Code: WL5 TTB Drawback #: 25	Flavor (Compounded)	 
▶ Flavor Group 1: Natural Jablanica Mint flavor	4.0 - 5.0 l. TTB Company Code: WL5 TTB Drawback #: 3	Flavor (Compounded)	 
▶ Flavor Group 2: Natural and Artificial Pineapple flavor	3.5 - 5.0 l. TTB Company Code: WL5 TTB Drawback #: 55	Flavor (Compounded)	 



Method of Manufacture

4 Method of Manufacture

Describe in sequence each step used to produce this product.

This can be done in a format similar to a recipe, for instance providing the sequence of steps in either a list or paragraph format to describe how your product is made.

See [Method of Manufacture Examples](#) for some indications of the level of detail that TTB looks for when evaluating formula submissions.

Description:


- 1.) Mash at 65 C malted barley, flaked oats, and honey malt. Lactose may be used as an optional ingredient.
- 2.) Bring to boil and add hops and hops extract.
- 3.) Whirlpool for 20 minutes and then chill.
- 4.) Pitch yeast and ferment.
- 5.) Add hops after fermentation.
- 6.) Add listed flavors after fermentation is complete.
- 8.) Add preservative-Sodium benzoate at use rate no greater than .1%
- 8.) Add Caramel Color.
- 8.) Bottle/ Keg with Carbon Dioxide under pressure.

Method of Manufacture Documents

Be sure to include:

- All of the ingredients identified in the list above, including when each ingredient is added.
- The agricultural source of the alcohol.
- The proof at distillation (Distilled Spirits products only).

In most circumstances, we do not require details such as temperature or pressure conditions during manufacture or how long ingredients were fermented. For Malt Beverage products, you may omit processes customarily used in brewing such as pasteurization or ordinary filtration.

 ACTION

<< Previous

Save as Draft

Validate

Next >>



Helpful Hints

- Supply a quantitative list of ingredients
- Provide a complete method of manufacture
- Indicate at what stage flavors are added to the product
- Flavor Ingredient Data Sheets (FIDS) should include a TTB number, a Flavor Product Number, and the TTB Approval status (Nonbeverage Lab Approval)
- Provide the common name and scientific name (genus and species) for any unusual herbal ingredients
- Ensure that ingredients are considered GRAS (generally recognized as safe) by the FDA



Common Reasons Why Formulas are Returned for Correction

- **Ingredient Specification Sheet (Spec Sheet)** is missing for ingredients composed of more than one component
- **Limited Ingredient Calculation Worksheet** is missing when compounded flavors are used
- **Flavor Ingredient Data (FID)** is missing when compounded flavors are used
- **Formula approval is not required** for this product because it is composed of exempt ingredients or processes (See [TTB Ruling 2015-1](#))



Summary & Questions

Labeling

MICHAEL G. WEBSTER

Quality Assurance Coordinator, Labeling





Laws and Regulations

- **Alcoholic Beverage Labeling Act of 1988**
 - 27 U.S.C. 213 et seq.
 - 27 CFR part 16 - Alcoholic Beverage Health Warning Statement
- **Federal Alcohol Administration Act**
 - 27 U.S.C. 205
 - 27 CFR part 7 – Labeling and Advertising of Malt Beverages
- **Internal Revenue Code**
 - 26 U.S.C. Chapter 51
 - 27 CFR part 25 – Beer
 - 27 CFR part 27 – Importation of Distilled Spirits, Wines, and Beer

COLAs:

What, Who, Why, When
and How?





What is a COLA?

- Certificate Of Label Approval
- Authorizes:
 - The bottling or packing of malt beverages, or
 - The removal of bottled malt beverages from customs custody (Imports)
 - The product must bear labels identical to the labels affixed to the face of the certificate, or labels with changes authorized by the certificate
- TTB's approval of a COLA does not constitute trademark protection
- See [TTB Form 5100.31](#)

27 CFR 13.11



Who Can File an Application for a COLA?

- In order to file an application for label approval, you must have either:
 - A Brewer's Notice, or
 - A Basic Permit (importer)
- Permits and Brewer's Notices are issued by the TTB National Revenue Center in Cincinnati, Ohio
 - Permits Online
 - (877) 882-3277 or (877) TTB-FAQS



Who Gets the COLA in a Contract Brewing Arrangement?

- Contract Brewing is an arrangement in which one person pays a brewing company to produce beer for them
- Contract Brewer is responsible for:
 - Brewing product
 - Formula submission
 - COLA submission
 - Keeping appropriate brewery records
 - Paying taxes upon removal from the brewery



Who Gets the COLA in an Alternating Proprietorship Arrangement?

- An alternating proprietorship is when two or more people take turns using the physical premises of a brewery
- Both the host and the tenant must qualify as a brewer and are responsible for:
 - Obtaining Brewer's Notice
 - Producing beer
 - Keeping and maintaining brewing records
 - Obtaining COLAs and Formulas
 - Paying appropriate taxes upon removal



Why do I Need a COLA?

- A COLA is required by law
 - The FAA Act makes it unlawful for any person engaged in the business as a brewer, importer, or wholesaler of malt beverages to sell or ship, or deliver for sale or shipment, or otherwise introduce, in interstate or foreign commerce, or to remove from customs custody for consumption, malt beverages in bottles, unless they are bottled, packaged, and labeled in conformity with the regulations in 27 CFR part 7
 - With regard to malt beverages sold in interstate commerce, the labeling provisions of the FAA Act apply only to the extent that there is similar state law
- The FAA Act generally requires bottlers and importers of malt beverages to obtain a COLA in order to prevent the sale or other introduction of products that are bottled, packaged, or labeled in violation of law



At What Stage do I Apply for Label Approval?

- The COLA must be obtained prior to bottling (for domestically bottled malt beverages) and prior to removal from customs custody (for imported containers of malt beverages)
- Bottling includes placing malt beverages in containers such as cans and kegs
- See TTB website for information processing times for COLA applications
 - <http://www.ttb.gov/labeling/processing-times.shtml>



When is a COLA Not Required?

- **When a beer is not a malt beverage under the FAA Act:**
 - usually because it is not made with both malted barley and hops (See [TTB Ruling 2008-3](#))
 - Special rules apply to saké, which is labeled as a wine under the FAA Act if it has at least 7 percent alcohol by volume
- **When a malt beverage will be sold exclusively in the state in which it was bottled:**
 - Unless the state where the malt beverage is bottled requires an approved COLA from TTB
 - See [TTB Ruling 2013-1](#)
- **The following regulatory requirements apply regardless of COLA requirements:**
 - Government Health Warning Statement per 27 CFR part 16
 - Markings per 27 CFR part 25, Subpart J (for domestic brewers)
 - Formula for domestic beers under part 25 (when applicable)



How to Apply for Label Approval

- The recommended method is submitting electronically using [COLAs Online](#)
- A paper alternative is also available
 - [TTB Form 5100.31](#) mailed to TTB (use address on the form)

Label Information





Mandatory Label Information

Must be on the Brand Label:

- **Brand name** (27 CFR 7.23)
- **Class** (27 CFR 7.24)
- **Name and address** (domestic) (27 CFR 7.25)
- **Net contents** (27 CFR 7.27)
- **Alcohol content** (for malt beverages containing alcohol derived from added flavors or other nonbeverage ingredients (other than hops extract)) (27 CFR 7.22)

May be on Any Label:

- **Government Health Warning** (27 CFR 16.21-22)
- **Name and address** (Imported) (27 CFR 7.25)
- **Country of origin** (Imported)
- **Declaration of certain ingredients** (when used): (27 CFR 7.22)
 - Aspartame
 - Sulfites
 - FD&C yellow #5
 - Cochineal extract or carmine



Mandatory label Information:

- 1) Brand Name
- 2) Name and Address
- 3) Class/Type
- 4) Net Contents
- 5) Government Warning
- 6) Alcohol Content
(Optional)

*Declarations of certain ingredients also must appear on the label, when applicable



Mandatory Label Information

General Requirements

- Must be readily legible under ordinary conditions, and must appear on a contrasting background
- Other than the brand name, must be in English, with exceptions for malt beverages bottled for consumption in Puerto Rico
- For information about type size requirements, refer to
 - 27 CFR 7.28 General Requirements, or
 - TTB [Malt Beverage BAM \(Beverage Alcohol Manual\)](#)

27 CFR 7.28



Mandatory Label Information

Brand Name

- Name under which the malt beverage is marketed
- If the malt beverage is not sold under a brand name, then the name of the bottler or importer is considered the brand name
- Common mistakes:
 - Brand name on the label is not correctly entered on the application
 - Class/type is entered in the brand name field on the application

27 CFR 7.23



Mandatory Label Information Class and Type

- The specific identity of a malt beverage
- The designation of malt beverages is based on trade understandings of the characteristics generally attributed to the particular malt beverage
- Ale, Beer, Malt liquor, Stout, Ice Beer, and India Pale Ale are all acceptable as the class designation of a malt beverage
- Malt beverages that do not have the characteristics of the above designations must be labeled with additional information

27 CFR 7.24



Mandatory Label Information Class and Type

	Examples:
Specific identity of the malt beverage	Ale Beer Stout Lager Porter Cereal Beverage (Near Beer)
Flavored malt beverages that require a formula: <ul style="list-style-type: none"> • Fanciful Name • Statement of Composition (SOC) 	Jojo's Cucumber Ale AND Ale Brewed with Cucumber
Malt beverages that are exempt from formula requirements under TTB Ruling 2015-1 must be designated in accordance with trade understanding as described in the ruling	Hayward's Pumpkin Stout OR Stout Brewed with Pumpkins



Ingredients and Processes Exempt From Formulas

- You will find a list of processes and ingredients that do not require formula review in [TTB Ruling 2015-1](#)

- 2015-1 Ingredients and Processes Used in the Production of Beer Not Subject to Formula Requirements
 - [Exempt Ingredients and Processes Determined to be Traditional Under TTB Ruling 2015-1](#)
 - [Examples of Adequate and Inadequate Designations in Accordance with Trade Understanding](#)

- The ruling is divided into 3 separate documents (the ruling and two attachments)



TTB Ruling 2015-1 List of Exemptions – Attachment 1

Exempt Ingredients and Processes Determined to be Traditional Under TTB Ruling 2015-1

TTB Ruling 2015-1
Attachment 1

Exempt Ingredients Under the Conditions of TTB Ruling 2015-1

Industry members are responsible for ensuring that all ingredients, including any parts of fruit, used in the production of malt beverages or beer are wholesome products suitable for human food consumption and comply with applicable ingredient safety regulations of the Food and Drug Administration.

INGREDIENT	DESCRIPTION/LIMITATION
AGAVE	Whole, juice, puree, or concentrate. Does not include extracts, essential oils, or syrups.
ALLSPICE	As outlined in FDA’s GRAS listing at <u>21 CFR 182.10</u> . Spices may be whole or ground. Does not include extracts, essential oils, or syrups.
ANISE	As outlined in FDA’s GRAS listing at <u>21 CFR 182.10</u> . Spices may be whole or ground. Does not include extracts, essential oils, or syrups.
APPLES	Whole, juice, puree, or concentrate. Does not include extracts, essential oils, or syrups.
APRICOTS	Whole, juice, puree, or concentrate. Does not include extracts, essential oils, or syrups.



2015-1 Examples of Designations – Attachment 2

Examples of Adequate and Inadequate Designations in Accordance with Trade Understanding

Description of product	Examples of statements of composition that will continue to be allowed as designations in accordance with trade understanding under this ruling.	Examples of adequate designations in accordance with trade understanding.	Examples of inadequate and misleading designations.* (Examples of inadequate designations are in black and misleading designations are designated as such and appear in red.)
Beer brewed with cherry juice	<ul style="list-style-type: none"> • Beer brewed with cherry juice • Malt beverage fermented with natural flavor <p><i>(Kriek may be added as optional additional information.)</i></p>	<ul style="list-style-type: none"> • Fruit beer • Cherry beer <p><i>(Kriek may be added as optional additional information.)</i></p>	<ul style="list-style-type: none"> • Cherry delight • <i>Kriek</i> • Bob's Beer • Beer • Malt beverage
Beer with cherry juice added after fermentation	<ul style="list-style-type: none"> • Beer flavored with cherry juice • Malt beverage with natural flavor added <p><i>(Kriek may be added as optional additional information.)</i></p>	<ul style="list-style-type: none"> • Fruit beer • Cherry beer <p><i>(Kriek may be added as optional additional information.)</i></p>	<ul style="list-style-type: none"> • Cherry delight • <i>Kriek</i> • Bob's Beer <p>Misleading designation:</p> <ul style="list-style-type: none"> • Beer brewed with cherry juice



Example 1 – Class and Type Designations

Flavoring Ingredient used:	Raspberry puree
Is a formula required?	NO (exempt under 2015-1)
Labeling options: <ul style="list-style-type: none">• in accordance with trade understanding• Statement of Composition	Flavored Ale Raspberry Ale Ale with Natural Flavor Ale with Raspberries



Example 2 – Class and Type Designations

Flavoring Ingredient used:	Elderberries
Is a formula required?	YES (Not exempt under 2015-1)
Labeling options: <ul style="list-style-type: none">• Requires a Fanciful Name:• Requires an SOC:	Happily Elder After Ale with Elderberries Ale with Natural Flavor



Class and Type | Common Mistakes

- Leaving the class designation (ale, stout, etc.) off of the label
- For example, using just “IPA” (the word “ale” must appear on the brand label)
- Using “hefeweizen,” “bock,” “tripel,” “dubbel,” “bier” (which are not sufficient class designations in and of themselves)
- Using just “gose” or “wit” and not having suitable class designation or using “breakfast stout” and not having a statement of composition
- Leaving the class designation of the base beer out of the statement of composition - the statement of composition must include the base designation
 - For example, “Ale with vanilla extract”



Mandatory Label Information Name and Address

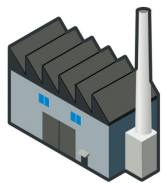
- City and state of bottler/packer
- Trade name or DBA (doing business as) is allowed
- Principal place of business of the producing brewer may be used in lieu of listing all brewing locations when owning multiple brewing locations

27 CFR 7.25

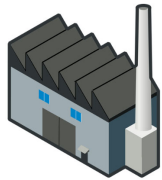


Principal Place of Business

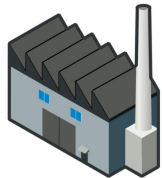
Hype Brewing Co. brews lager at all three of their facilities



OR Brewery
& Admin Offices



VA Brewery



CO Brewery



Name and Address Statement Options:

- Brewed by Hype Brewing Co. Corvallis OR, Sterling VA, & Denver CO
- Brewed by Hype Brewing Co. Corvallis OR (principal place of business)

Image from publicdomainvectors.org



Name and Address | Common Mistakes

- Leaving name and address off of the label
- City and state on label do not match the address on the Brewer's Notice
- Not using a DBA for contract brewing
- Label contains name and address for contractee and not the contract (producing) brewer



Mandatory Label Information

Net Contents

- Must use English units of measure (fluid ounces, pints, quarts, gallons)
- May show both metric and English units on the label
 - 1 pint 9.4 fl. oz. (750 mL)

CONTENTS OF CONTAINER	NET CONTENTS MUST BE SHOWN IN...	EXAMPLES	
		CONTAINER SIZE	LABEL NET CONTENTS STATEMENT MUST BE...
Less than 1 pint	Fluid ounces or fractions of a pint	8 ounces	8 fluid ounces (fl. oz.) or ½ pint (pt.) or 0.5 pint (pt.)
1 pint	Pints	16 ounces	1 pint (pt.)
More than 1 pint but less than 1 quart	Pints and fluid ounces or fractions of a quart	20 ounces	1 pint (pt.), 4 fluid ounces (fl. oz.) or 5/8 quart (qt.) or 0.63 quart (qt.)
1 quart	Quarts	32 ounces	1 quart (qt.)
More than 1 quart but less than 1 gallon	Quarts, pints and fluid ounces or fractions of a gallon	60 ounces	1 quart (qt.), 1 pint (pt.), 12 fluid ounces (fl. oz.) or 15/32 gallon (gal.) or 0.47 gallon (gal.)
1 gallon	Gallons	128 ounces	1 gallon (gal.)
More than 1 gallon	Gallons and fractions of gallons	166 ounces	1 ¼ gallons (gals.) or 1.25 gallons (gals.)

27 CFR 7.27



Net Contents | Common Mistakes

- Stating just “oz.” instead of “fl. oz.”
- Stating “16 fl. oz.” instead of “1 pint” (may list both)
- Not converting measurements into pints and fluid ounces (22 fl. oz. vs. 1 pint 6 fl. oz.)
- Showing only metric units (750 mL)



Mandatory Label Information

Alcohol Content

- Mandatory if any alcohol is derived from added flavors or other added nonbeverage ingredients (other than hops extract) containing alcohol
- Otherwise, it is optional (unless required by state law)
- Approved Formats:
 - Alcohol (ALC) __% by Volume (VOL)
 - Alcohol (ALC) by Volume (VOL) __%
 - __% Alcohol (ALC) by Volume (VOL)
 - __% Alcohol (ALC)/Volume (VOL)

27 CFR 7.71



Alcohol Content | Common Mistakes

- Using an incorrect format
 - “ABV” is not permitted - you must spell out the words or use the abbreviations allowed by 27 CFR 7.71
- Leaving off part of the phrase or the percent symbol (%)
- Not listing alcohol content on the label for products that contain added alcohol from a flavor



Mandatory Label Information

Health Warning Statement

- Must be readily legible under ordinary conditions and on a contrasting background
- Must be separate and apart from all other label text
- The words “**GOVERNMENT WARNING**” must appear in capital letters and bold type

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.

27 CFR part 16

Saint Benedicts Breakfast Stout

1
9.5% ABV



2
22 fl. oz.

3

Brewed by Saint Benedicts | Corpus Christi, TX

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.

- 3) Breakfast Stout is an incorrect class designation if it's not just a plain stout
- If the product requires formula approval then a statement of composition must appear on the label
 - If the product is exempt under 2015-1 then it must be labeled in accordance with trade understanding and either a statement of composition or designation is required

1) The abbreviation "ABV" is not allowed. **May** be stated as "alc/vol" or "alc by vol"

2) Net contents should be stated as "1 pint 6 fl. oz."



Labels and TTB Ruling 2015-1

- Common mistakes:
 - Product ingredients are not sufficiently conveyed by the style's name, for example, as “gose” or “wit”
 - Missing statement of composition
 - Missing designation
- For example: “breakfast stout” made with ingredients such as coffee, cinnamon, etc. use either:
 - Statement of composition: “Stout with coffee and spices”
 - Appropriate Designation: “Breakfast coffee stout” (only if all ingredients are exempt)



Geographical Names

- Geographical names for distinctive types of malt beverages shall not be applied to malt beverages produced in any place other than the particular region indicated by the name unless qualified with text such as “STYLE” or “PRODUCT OF THE USA” or other text to indicate the true place of production
- Common Mistakes
 - “India pale lager” or “India session ale” appearing without qualifiers (such as “style” or “product of USA”)
 - “Product of the USA” does not appear in direct conjunction with the brand name

27 CFR 7.24(f)-(h)



Geographical Names of Distinctive Types

Names that have lost geographic significance (no qualifier required)

- India pale ale
- Baltic porter
- Bohemian
- Russian imperial stout
- Imperial Russian stout
- Scotch ale
- Scottish ale

Examples of names that still have geographic significance* (qualifier required)

- Belgian
- Berliner
- English
- Irish
- Kolsch
- Mexican
- Vienna
- New England
- West Coast (or similar)

*Not a Complete List



Examples of Prohibited Practices Labels/Cartons/Cases

- Shall not contain*:
 - Any false or misleading information
 - Claims of alcohol content strength
 - Text that implies that the product is a distilled spirit or contains a distilled spirit
 - Misleading health-related claims
 - Obscene or indecent material
 - The U.S. flag or U.S. military or government seals or emblems, if they create a misleading impression as to government endorsement or affiliation

*Not a complete list of prohibited practices

27 CFR 7.29

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.

OLD PAP
Belgian Strong Ale

1 pint, 6 fl. oz.

Old Pap has the fresh smooth taste of an ale with a unique cherry and stone fruit flavor.

Brewed & Bottled by Pap Brewery, Dalton, GA

1) “Strong” must be removed as it is a prohibited strength statement

2) “Belgian” is misleading since the product is made in the U.S. Needs qualifier such as “Belgian style”

3) Additional Text: the use of “cherry and stone fruit flavor” in a plain ale implies that fruit or flavors were used, which may require a formula and SOC. To describe flavor profiles from certain grains, the label could alternatively, say “Ingredient X imparts a flavor of ...”



Non-Alcoholic, Alcohol Free, and 0.0% Alcohol By Volume

- Terms for products containing less than 0.5% alcohol by volume
- These terms describe the alcohol content of a product and they are not sufficient as class/type designations
- Must be labeled with a class designation of “malt beverage,” “cereal beverage,” or “near beer,” under 27 CFR 7.24(d)
- May **not** be labeled as “beer,” “stout,” “lager,” “ale,” “porter,” “malt liquor,” or “lager beer”
- Other countries have different definitions



Non-Alcoholic

- Alcohol content must be less than 0.5% ABV
- Actual alcohol content may not exceed 0.5 percent (i.e., there is no tolerance above labeled ABV)
- “Non-Alcoholic” is an optional statement, but if used, label must also state in direct conjunction “Contains less than 0.5% alcohol by volume”
- If domestically bottled must state on the label “Non taxable under section 5051 I.R.C.” (27 CFR 25.242)
- Government Warning is not required

27 CFR 7.71(e)

Fire Truck Brewing

Honesdale, PA

UPC



Non-Alcoholic

Contains less than 0.5% Alcohol by Volume

Non-taxable under section 5051 I.R.C

1 PINT NEAR BEER
BREWED BY FIRE TRUCK BREWING
HONESDALE, PA



Alcohol Free & 0.0% Alcohol by Volume

- “Alcohol free” and “0.0 percent alcohol by volume” may be used only on malt beverages containing no alcohol
- If labeled with an alcohol content of 0.0 percent alcohol by volume label must also state “alcohol free”
- “Non taxable under section 5051 I.R.C.” must appear on domestically bottled cereal beverages (27 CFR 25.242)
- Government Warning is not required
- Requires Formula Approval with Laboratory Sample Analysis per [TTB G 2016-1A](#)

27 CFR 7.71(c)(3) & (f)

Pauling Alcohol Free

NON TAXABLE
UNDER SECTION
5051 IRC



An alcohol
free version
of our on-
tap favorite!

UPC

0.0% alc./vol.

CRISP MALTY REFRESHING

12 fl oz | Brewed by Downtown Brewing Newark, NJ | Malt Beverage

Image from publicdomainvectors.org



Non-Alcoholic, Alcohol Free, and 0.0% Alcohol by Volume | Common Mistakes

- Use of prohibited class terms (for example, ale, beer, porter, lager, stout)
- “Contains less than 0.5% alc/vol” is missing or does not appear in direct conjunction with “non-alcoholic”
- “Alcohol free” appears on products that are not 0.0% alc/vol



Allergen Disclosures

-Milk	-Soybeans
-Eggs	-Peanuts
-Tree nuts	-Wheat
-Crustacean shellfish	-Fish

- You may make voluntarily disclosures of the major food allergens
- Labeling requirements:
 - Must be specific as to the type of tree nut or crustacean shellfish
 - If one allergen is disclosed, then all allergens used in production of beverage must be disclosed
 - Voluntary statements must be formatted as follows:

Contains: Wheat, Eggs, Pecans

27 CFR 7.22(a)



Allergen Disclosures | Common Mistakes

- Including ingredients that are not one of the seven major allergens (for example, barley or oats)
- Misstating milk (for example, CONTAINS: Lactose)
 - Must be stated as “Contains: Milk” or “Contains: Milk (Lactose)”



Light/Lite Beer Claims

- “Lite,” “Light,” or other nutritional claims such as “99 calories,” or “Low carbohydrate” requires that an statement of average analysis appear on the label (see [TTB Ruling 2004-1](#))
- Statement of Average analysis consists of:
 - Serving size (12 fl oz for malt beverages)
 - Calories (no units)
 - Carbohydrates (grams or g)
 - Protein (grams or g)
 - Fat (grams or g)
- FDA Nutrition Facts panel is prohibited
- Alternatively, Serving Facts Panel may be used ([TTB Ruling 2013-2](#))

**PER 12 FL.OZ.-AVERAGE ANALYSIS:
CALORIES 99, CARBOHYDRATES 6.2
g, PROTEIN 1.1 g, FAT 0.0 g**



Light Beer | Common Mistakes

- Statement of average analysis is missing information
- Use of “light” in the additional text when discussing the finished product, without a statement of average analysis
- Adding other nutritional information to the statement
- Use of FDA or foreign nutritional panel



Kegs

- Kegs are consumer containers, just like bottles or cans
- When a COLA is required, mandatory labeling requirements must be met
- Labels bearing mandatory information must be firmly affixed and may include:
 - Keg caps
 - Collars
 - Stickers
 - Combination of formats
- Information can be handwritten on the label





Kegs | Common Mistakes

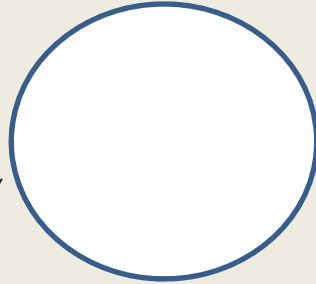
- Missing class/type designation
- Use of abbreviation “ABV” - Incorrect form of alcohol content statement
- Label has blank spaces for mandatory information, or multiple check boxes with nothing checked
- Government Health Warning is not compliant



X & Y COORDINATES BEER
COMPANY

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.



Missing Information:

- 1) Class/Type
- 2) Address
- 3) Net Contents
- 4) Alcohol Content (Optional)



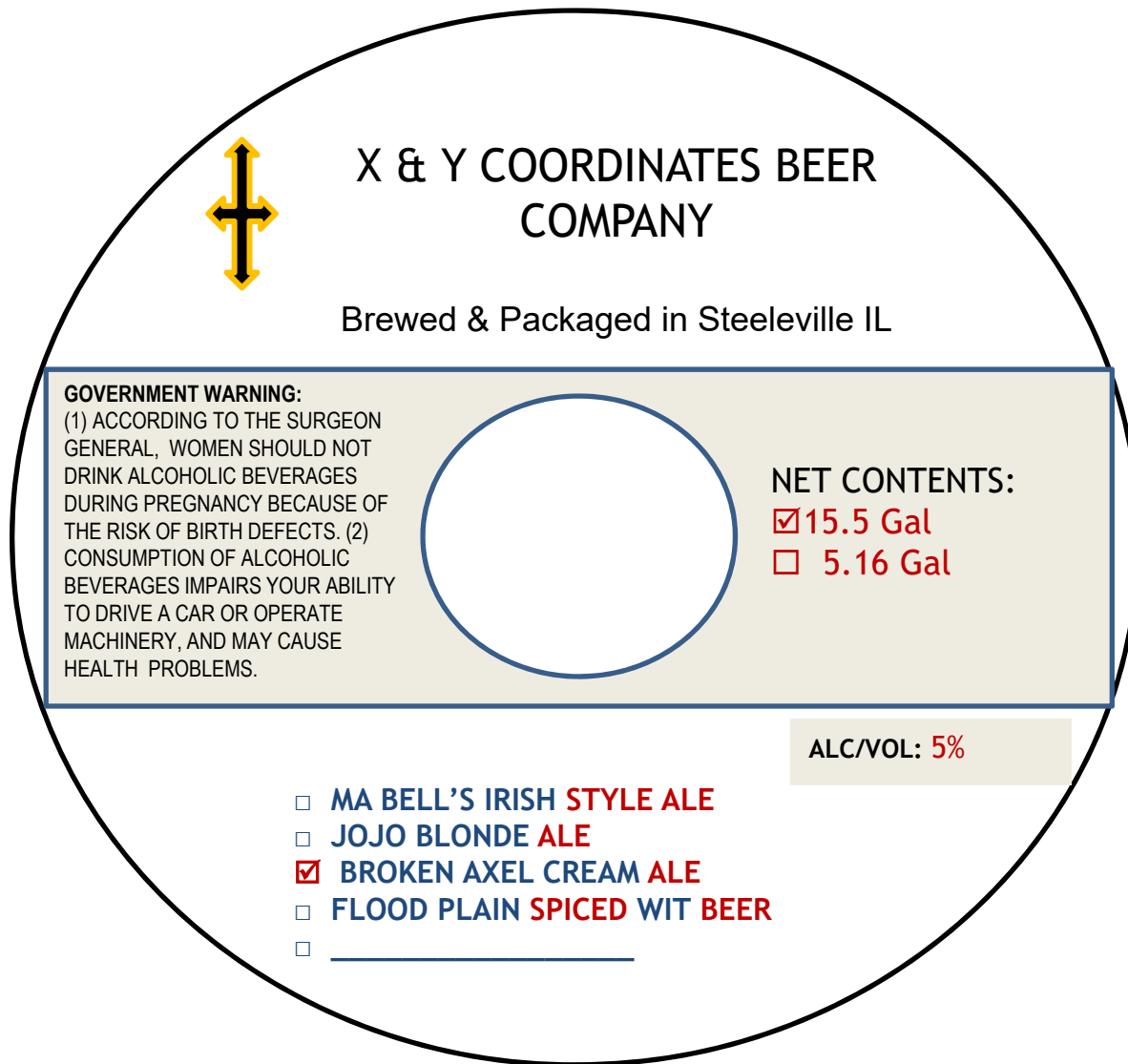
Missing Information:

- 1) Class/Type
- 2) Address
- 3) Net Contents
- 4) Alcohol Content (Optional)



Missing Information:

- 1) Class/type (ALL)
- 2) Net contents
- 3) Alcohol content
- 4) Checkmark for product
- 5) "Irish" requires a qualification
- 6) "Wit," by itself, is not an adequate designation



Missing Information:

- 1) Class/type (ALL)
- 2) Net contents
- 3) Alcohol content
- 4) Checkmark for product
- 5) “Irish” requires a qualification
- 6) “Wit,” by itself, is not an adequate designation



Growlers & Crowlers



- [TTB Beer FAQ B9](#)
- Determine the container type:
 - A growler/crowler is **a large serving glass** when a consumer uses the container to make a purchase and the brewer then fills the container
 - Consumers may furnish their own growler or may purchase it from the brewer
 - A growler/crowler is **a bottle** and requires labeling when the brewer fills the container in advance of sale
 - The brewer may fill the growler/crowler prior to removal, on the brewery premises, or after tax determination on the brewpub premises



Labeling Requirements for Growlers/Crowlers

- If a serving glass:
 - Not subject to Federal labeling requirements
 - Some states may consider this bottling activity and regulate accordingly - brewers should check with state authorities
- If a bottle:
 - Subject to the Federal labeling requirements of 27 CFR part 16 and part 25
 - In some states the requirements of 27 CFR part 7 also apply



Can I Change my Approved Label Without a New COLA?

- Review [List of Allowable COLA Revisions](#)
 - Available on TTB Form 5100.31
- You must be able to identify the COLA for which you are relying on to bottle a malt beverage in the event that TTB asks you to provide evidence that the label is covered by a COLA



Examples of Changes to Labels That Require a New COLA

- Addition of new information or graphics (unless specifically authorized by the list of allowable revisions)
- Addition of new location listed on label
- Change in class or type



Allowable Changes to Labels

- Change label size (for example, to fit a different container size)
- Change net contents
- Add, delete, or change an optional alcohol content statement
- Change a mandatory alcohol content statement
- Change numerical values for serving facts statement or statement of average analysis
- And more...

Modernization of TTB Labeling and Advertising Regulations





Modernization of TTB Labeling and Advertising Regulations

- TTB has undertaken a multi-year initiative to update our labeling and advertising regulations
- Notice 176
 - Published November 26, 2018
 - Comment period extended 90 days and closes **June 26, 2019**
 - <https://www.regulations.gov/document?D=TTB-2018-0007-0001>



Proposed Clarifying Changes

- Where possible, we've introduced consistency between parts 4, 5, and 7
- We've included cross-references and examples to increase usability
- We've incorporated policies and guidance for one-stop shopping



Proposed Clarifications

- Industry members who make allowable changes to labels must keep track of which COLA applies to each product that requires a COLA
- In light of COLAs Online, clarified that industry members are not required to keep paper copies of approved COLAs
- The use of flags is only prohibited if used in a misleading way
- Clarified the FAA Act rules for in-state only labels for malt beverages



Proposed Malt Beverage Liberalizing Changes

- Certain mandatory information may appear on keg collars or a tap covers, which do not have to be firmly affixed, provided that the name of the brewer is permanently or semi-permanently stated on the keg
- All mandatory information may appear on any label on the malt beverage container
- TTB Ruling 2015-1 is incorporated providing that certain malt beverages may be designated in accordance with trade and consumer understanding
- The tolerance for alcohol content on malt beverages is expanded to one percentage point above or below the labeled alcohol content



Potentially Restrictive Proposed Changes

- This rulemaking is not intended to cause large-scale relabeling, but we specifically request comment on that issue
- New prohibited practice: you may not use labeling that creates a misleading impression that the product is a different commodity
- Added cross reference to CBP requirement that imported products are required to show country of origin
- We are proposing to give industry members three years to come into compliance with the proposed regulations (should they be finalized)



How to Comment

- **Federal e-Rulemaking Portal:**
 - Use the online comment form posted within Docket No. TTB-2018-0007 on the Federal e-rulemaking portal at <https://www.regulations.gov>
- **U.S. Mail or Hand Delivery:**
 - Director, Regulations and Rulings Division, Alcohol and Tobacco Tax and Trade Bureau, 1310 G Street NW, Box 12, Washington, DC 20005



Next steps

- We will review all comments received
- We may have to draft additional rulemaking documents to address new/revised proposals
- Issue final rule(s)



Summary & Questions

Beer and Malt Beverage Resources





TTB Beer Contacts

- **Brewers Notices, Taxes, Operations Reports, etc.** contact the National Revenue Center:
 - Phone: 877-882-3277
- **Labeling** contact the Alcohol Labeling and Formulation Division:
 - Phone: 866-927-2533 (option 8)
- **Formulas** contact the Alcohol Labeling and Formulation Division:
 - Phone: 866-927-2533 (option 7)



TTB Beer Contacts

- **Importation/Exportation** contact the International Affairs Division:
 - Phone: 202-453-2260
- **Trade Practices** contact the Market Compliance Office:
 - Phone: 202-453-2251 (option 2)
 - Email: TradePractices@ttb.gov
- **Regulations and Rulings Division**
 - Phone: 202-453-2265



Regulations & Resources

- 27 CFR 7.10 – Meaning of terms
- 27 CFR 7.24(a) – Class and Type
- 27 CFR 25.11 – Meaning of terms
- 27 CFR 25.15 – Materials for the production of beer
- 27 CFR 25.55-58 – Formulas
- TTB Ruling 2008-3 – Classification of Brewed Products
- TTB Ruling 2015-1 – Ingredients and Processes not Subject to Formula Requirements
- Beverage Alcohol Manual (BAM) for Malt Beverages



Internet Resources

Websites

- www.ttb.gov
- www.fda.gov
- www.ecfr.gov
 - 27 CFR parts 7, 16, and 25
- [MB Beverage Alcohol Manual](#)

Key Words

- TTB
- Malt Beverage or Beer
- BAM
- Beverage Alcohol Manual
- Beer Rulings
- eCFR



Resources on TTB.gov

- **Beer Industry Home Page**
<https://www.ttb.gov/beer/index.shtml>
- **Alcohol Beverage Formula Approval Home Page**
<https://www.ttb.gov/formulation/index.shtml>
- **Which Beers/Malt Beverages Require Formula Approval Tool**
https://www.ttb.gov/formulation/formula_approval_tool_mb.shtml
- **Subscribe to automatically receive the weekly TTB Newsletter**
<https://public.govdelivery.com/accounts/USTTB/subscriber/new>
- **Permits Online Help Center**
<https://www.ttb.gov/ponl/permits-online-help.shtml>



Resources on TTB.gov

- **Beer Rulings** <https://www.ttb.gov/beer/beer-rulings.shtml>
- **Beer Procedures** <https://www.ttb.gov/beer/beer-rulings.shtml>
- **Beer Industry Circulars** <https://www.ttb.gov/beer/beer-ic.shtml>
- **Beer FAQs** <https://www.ttb.gov/beer/beer-faqs.shtml>
- **CBMTRA page** <https://www.ttb.gov/alcohol/craft-beverage-modernization-and-tax-reform.shtml>