

Newly Formed Tax Audit Division And New Division Chief

By Victoria McDowell/Joette Brown (202)927-5000



Victoria McDowell is the Division Chief for the new Tax Audit Division. The duties of the division include conducting audits of taxpayers that pay over \$250,000 annually. The division will include up to ten field offices nationwide. Ms. McDowell joined the Bureau of Alcohol, Tobacco and Firearms (ATF) in July 1998, as the Assistant Financial

Manager, Accounting Policy and Reporting Branch in the Financial Management Division. Her duties included managing the annual Chief Financial Officer's audit of the Bureau. Under her leadership, the Bureau achieved unqualified audit opinions. Prior to joining ATF, Vicky worked for the Financial Management Service (FMS), also in the Treasury Department, where she held the positions of Credit Administration Division Director, Director of the Asset Management Directorate, and Deputy Assistant Commissioner of Debt Management Services. Each of those positions dealt with setting government-wide policies in financial areas. Also while at FMS, Ms. McDowell developed an international financial management training program for developing countries. Ms. McDowell was instrumental in developing an internship program for Russian financial managers and a training program for the State Tax Service of the Russian Federation. She also worked with the Canadian Government and the Organization for Economic Cooperation and Development in Paris, France.

Ms. McDowell is a Certified Government Financial Manager and member of the Association of Government Accountants. She has 22 years of Federal Government experience. She began her Federal career with the

Agriculture Department where she developed and implemented an internal control program for an agency that held a sixty billion dollar credit portfolio.

For several years, Ms. McDowell served as the Chair of the Supervisory Committee of the Treasury Department Federal Credit Union, where she supervised the internal audit function and the annual financial statement audit of the credit union. She was also on the Board of Directors.

Welcome aboard! ■

Alcohol Labeling Corner

Organic Labeling

By Rick Evanhec (202)927-8140

The Alcohol Labeling and Formulation Division (ALFD) would like to remind you of the approaching deadline that affects all labels that make organic references. The labeling requirements under the National Organic Program (NOP) will take effect on October 21, 2002. All products bottled on or after this date that make an organic claim must be labeled to satisfy the regulations under this program (7 CFR Part 205). The most obvious change associated with the NOP is that all alcohol beverages bearing an organic claim will be required to include a complete ingredient statement on the label. In addition, Federally accredited agents must certify procedures and handlers who wish to make organic claims. Current labels that do not satisfy these and other requirements under the NOP will be revoked by operation of regulation as of October 21, 2002.

The NOP is administered by the Agriculture Marketing Service (AMS), a division of the United States Department of Agriculture (USDA). The requirements under the NOP were created to implement the Organic Food Production Act of 1990. This law was passed to set a national standard for the production and marketing of organically produced products, including beverage alcohol.

In the future when ATF receives label applications that contain organic references, ATF will review the labels for compliance with the Federal Alcohol Administration Act

and the Alcohol Beverage Labeling Act (Health Warning Statement) and ATF will also forward the applications to AMS for concurrent review to determine if they meet the requirements of the NOP as well. Please continue to

Industry members who would like more information about the NOP requirements can visit

www.ams.usda.gov/nop. ALFD will publish more detailed guidance on organic labeling of alcohol beverages in the near future. ATF is also happy to answer any questions about the impact of NOP on the alcohol beverage industry. You can contact us at 1-866-927-2553 or by e-mail at alfd@atfhq.atf.treas.gov. ■

“A Very Good Year for Vitners”

By Jerry Shriver, *USA Today*
(Editing and Additional Comments by Phil Coy,
513-684-2322)

According to an article that appeared in the June 28, 2002, edition of USA Today, a new winery that recently opened in Burlington, North Dakota marked a significant turning point for the wine industry. When this new winemaker was issued their ATF permit and registry number on April 17th, it became the first time when there's at least one Federally bonded winery in all 50 States.

USA Today wrote: “The [Burlington] venture joins a parade of more than 600 wineries that have opened during the past decade.” The wine industry credits growth to “improved winemaking, approaches to production that allow better wines to be made in more locations, liberalized laws that make it easier to open a profitable tasting room, a surge in wine tourism and a growing thirst for locally made products.” Although most of the growth has occurred in California, Washington, Oregon and New York (those states accounted for 98% of the \$20 billion worth of table wine produced and sold in the USA last year), other states such as Indiana, Illinois and Texas are also enjoying mini-booms.

Of course, employees of the ATF National Revenue Center's (NRC) Wine Section like to think it's the top-notch service they strive to provide to their customers, that's helped fuel the small-scale winemaking “explosion.” The NRC's Wine Section staff is ready and willing to provide you with the necessary paperwork and help guide you through the process of obtaining a Federal permit. For information and assistance with this and other ATF requirements, please contact them at 800-398-2282 (513-684-3334) or natrevctr@cinc.atf.treas.gov. ■

submit a copy of your certification as an organic producer, issued by a USDA accredited certifying agent along with each label application that contains organic references.

Notice of Proposed Rulemaking

By Joanne Brady (215)597-5288

The Bureau of Alcohol, Tobacco and Firearms (ATF) published a Notice of Proposed Rulemaking (NPRM) (notice No. 947) on July 9, 2002, that proposes the establishment of a viticultural area to be known as “Oak Knoll District.” The notice results from a petition filed by Ms. Janet Trefethen, who heads the Oak Knoll District Committee.

The proposed area is located at the cooler, southern end of the Napa Valley in California. If established as a viticultural area, Oak Knoll District would border the Mt. Veeder viticultural area to the west and the Yountville viticultural area to the north. The area encompasses approximately 9,940 acres. About 4,040 of those acres are suitable for grape vines.

ATF requests comments on this proposal. All comments must be received by September 9, 2002. Written comments should be sent to:

Chief, Regulations Division
Bureau of ATF
Post office Box 50221
Washington, DC 20091-0221
Attn: Notice No. 947

Comments may also be submitted by e-mail to nprm@atfhq.atf.treas.gov or by fax (if five pages or less) to (215)597-7003.



International Trade Branch

Importing Samples for Trade Shows and for Ordering

By Perky Ramroth (415)947-5193

Samples of alcoholic beverages imported for use at trade shows and/or for soliciting orders do not require an approved Certificate of Label Approval Form 5100.31, under certain conditions. Permission may be obtained by filing a letter request with ATF which states the amount of alcoholic beverage to be imported and the purpose, and that the following conditions will be met:

1. Products will be imported by the holder of an Importer's Basic Permit.
2. All applicable taxes and duties will be paid.
3. A sticker will be affixed to every container (bottle) which reads, "For Trade Show (or Sample) Purposes Only – Not for Sale."
4. A label will be affixed to every container which bears the Health Warning Statement.
5. In the case of wine, an additional label will be affixed which reads, "Contains Sulfites."

Letter requests to import about this procedure, please contact the International Trade Branch at (202)927-8110.

New and Revised Brewery Forms Now Available

By Virginia Burnside (513)684-3066

The Brewery Units at the National Revenue Center would like to call attention to the recent revision of forms by the brewing industry. Four forms have been revised and

Report of Operations, Form 5130.9, on a monthly basis depending on production (filed quarterly if production is not more than 10,000 barrels annually or filed monthly if production is over 10,000 barrels annually).

All the Brewer's Bonds have been revised and two new collateral bonds have been created. These forms must be used the next time it is necessary to execute a new Brewer's Bond or Continuation Certificate. The two new forms are for brewers who use collateral (cash or acceptable securities) instead of a bond backed by a surety company. In January 2002, the home office of each authorized surety company was notified of the revised bond forms.

three new forms have been created. These forms are to be used after April 1, 2002:

- ❖ ATF Form 5130.9 Brewer's Report of Operations (Revised)
- ❖ ATF Form 5130.10 Brewer's Notice (Revised)
- ❖ ATF Form 5130.22 Brewer's Bond (Revised)
- ❖ ATF Form 5130.23 Brewer's Bond Continuation Certificate (Revised)
- ❖ ATF Form 5130.25 Brewer's Collateral Bond (New)
- ❖ ATF Form 5130.26 Brewpub Report of Operations (New)
- ❖ ATF Form 5130.27 Brewer's Collateral Bond Continuation Certificate (New)

Since four of these forms were due for periodic review and/or approval by the Office of Management and Budget, it was an ideal time to revise them using plain language. As a result, the new and revised forms are user-friendly and should be easier for brewers to complete.

Changes to the Brewer's Report of Operations include:

- ❖ The addition of the Employer Identification Number (EIN).
- ❖ A new Part 2 to list information about Excise Tax Returns, ATF Form 5000.24, filed during the reporting period of the Brewer's Report.
- ❖ An area to report any previous adjustments made to tax returns affecting a previous report of operations.
- ❖ Minor line changes (lines 15(a) and (b) are now lines 14 and 15).

A brewpub that produces no more than 5,000 barrels of beer annually, and does not bottle or keg beer for removal from the brewery, may use the new Form 5130.26, Brewpub Report of Operations. All other breweries will use the revised Brewer's

The Brewer's Notice contains multiple changes and includes information that was previously submitted as a separate attachment to the Notice or as a variance. Signing authority for corporate officials, controlled group information, brewpub information, EIN and contact data (e-mail) are all included on the Brewer's Notice. These forms can be found on the Internet at www.atf.treas.gov, or obtained from the distribution center (703)455-7801. For more information please refer to Industry Circular 2002-1, dated March 5, 2002, or contact any Brewery Specialist at the ATF National Revenue Center, 1-800-398-2282.

Reminder: Excise Tax Return Due Dates Change for September

By Phil Coy (513)684-3334

A law that went into effect January 1, 1995, changed alcohol and tobacco excise tax return due dates for the last part of September. The legislative change affects both electronic fund transfer (EFT) taxpayers and those who pay by check or money order (Non-EFT). This is a reminder to pay particular attention when filing your return during that month. Here are the September tax returns that are affected and when they are due (note that statewide legal holidays may affect a due date):

<u>Tax Return</u>		
<u>Serial Number</u>	<u>Return Period</u>	<u>Due Date</u>
18	September 16-25	September 27 (Non-EFT)
18	September 16-26	September 30 (EFT)
19	September 26-30	October 11 (Non-EFT)
19	September 27-30	October 11 (EFT)

You can find more information on legal holidays and all calendar year 2002 due dates for semi-monthly alcohol and tobacco excise tax returns at our website – “ATF Online”:

<http://www.atf.treas.gov/alcohol/info/2002duedates.htm>
or you may contact the ATF National Revenue Center at 1-800-398-2282 (natlrevctr@cinc.atf.treas.gov).

◊COLAs Online◊

By William Moore (202)927-8140

On June 25, 2002, Director Buckles signed Industry Circular 2002-5, COLAs Online. The circular announces the ongoing development of an electronic filing system for ATF Form 5100.31, Application for and Certification/Exemption of Label/Bottle Approval (COLA). The circular also provides the alcohol industry information and guidance on the use of COLAs Online. You can access the circular on the ATF website at: www.atf.treas.gov/pub/ind_circulars/ic2002_5.htm.

Questions or suggestions relating to the Alcohol & Tobacco Newsletter should be directed to the Editor by fax at (202)927-5611 or by mail at the following address: Bureau of ATF, 650 Massachusetts Avenue, NW., Room 8110, Attention: Joette Brown, Editor, Alcohol & Tobacco Newsletter, Washington, DC 20226.