

# WINE EXCISE AND PRIVILEGE TAX

A legal resource for the Oregon Winegrowers Association



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**2017**

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# WINE EXCISE AND PRIVILEGE TAX

	TTB	OLCC
<b>Tax Returns</b>	<p>TTB excise tax is triggered on removal from bond. Consult <a href="#">TTB Form 5000.24</a></p> <p><b>Excise Tax Periods:</b></p> <ul style="list-style-type: none"> <li>• <b>Annually</b>, if new winery and expect to pay &lt;\$1,000 this year <i>or</i> paid &lt;\$1,000 in excise tax last year and expect to pay &lt;\$1,000 this year.</li> <li>• <b>Quarterly</b>, if paid &lt;\$50,000/year excise tax last year <i>and</i> expect to pay &lt;\$50,000/year in excise tax this year.</li> <li>• <b>Monthly</b>, if you don't qualify for annual or quarterly returns (default).</li> <li>• Note: No excise tax return if no taxes are due, but still must file production reports when due.</li> </ul> <p>**As of Jan. 1, 2017, no TTB bond required if annual or quarterly filer.</p>	<p>OLCC privilege tax is triggered when wine is removed from bond for sale in Oregon. <a href="#">OLCC Privilege Tax Forms</a>.</p> <p><b>Privilege Tax Periods:</b></p> <ul style="list-style-type: none"> <li>• <b>Annually</b>, if no tax will be due for the entire year.</li> <li>• <b>Monthly</b>, if a tax liability exists in any month of the year, beginning first month when due.</li> </ul> <p>**No OLCC bond required if annual filer/no taxes due. Must complete bond waiver form before renewal or before winery license is issued: <a href="http://www.oregon.gov/olcc/docs/privilege_tax/bondwaivercertification.pdf">http://www.oregon.gov/olcc/docs/privilege_tax/bondwaivercertification.pdf</a></p>
<b>Tax Amounts</b>	<p><b>Excise taxes per gallon:</b></p> <ul style="list-style-type: none"> <li>• 0.5% to ≤14.04% abv = <b>\$1.07</b></li> <li>• ≥14.05% and not over 21% abv = <b>\$1.57</b></li> <li>• 21% and &lt;24% abv = <b>\$3.15</b></li> <li>• Artificially Carbonated = <b>\$3.30</b></li> <li>• Sparkling = <b>\$3.40</b> (no small producer credit allowed)</li> <li>• Hard Cider = <b>\$0.226</b></li> </ul>	<p><b>Privilege Taxes:</b></p> <ul style="list-style-type: none"> <li>• 0.5% to ≤14.04% abv = <b>\$0.67</b>/gallon</li> <li>• ≥14.05% abv = <b>\$0.77</b>/gallon</li> <li>• Cider = <b>\$2.60</b> per 31 gallon barrel</li> </ul>
<b>Small Producer Tax Discount</b>	<p><b>Small Producer Credit:</b> \$0.90 credit (or for hard cider \$0.056) for the first 100,000 gallons removed from bond by a small winery producing ≤150,000 gal/year, but at least 1 gal/year. Decreasing credit rates for a winery producing up to 250,000 gal/year.</p> <p>Credit may be taken by a small winery on wine that the winery removed from bond but did not produce, so long as the winery produces some wine (no set minimum), and there is no benefit to any winery that would not otherwise be entitled to credit. This is not a transfer, but a removal for its own benefit of wine the small winery owns.</p>	<p><b>Small Producer Exemption:</b> Wineries that produce between 1 and 100,000 gallons of wine per year ("small producer") may exempt the first 40,000 gallons of wine removed from bond that year that are sold or intended to be sold in Oregon.</p> <p>Exemption may be used by a small producer on wine the small producer removed from bond but did not produce, so long as the small producer produces at least 1 gallon of wine, and there is no benefit to any winery that would not otherwise be entitled to the exemption. This is not a transfer, but a removal for its own benefit of wine the small producer owns.</p>
<b>Transfer Mechanism</b> (removal by another bonded facility on behalf of small winery)	<p>The Small Producer Credit may be transferred by a small winery to another bonded facility (bonded wine cellar or another winery) for use by the transferee on behalf of the owner-small winery when the tax is paid to the TTB. The small winery must provide the transferee with written information about its tax rate and indicate that the removal is among the owner's first 100,000 gallons of wine taxably removed for that year. Title to wine remains with the owner-small winery. The credit may be transferred only on wine that was entirely of the small winery's production. If wine was blended in that was purchased from another producer, tax must be paid on the percentage that was not produced by the small winery at the full tax rate by the transferee.</p>	<p>The OLCC follows the TTB transfer method, with the exception that the exemption applies to the first 40,000 gallons removed from bond with the intent to be sold in Oregon. The small producing winery must ensure that the total amount of wine exempted from privilege tax (including any removals by other bonded facilities) from the small producer exemption does not exceed 40,000 gallons per year.</p>
<b>Grape Tonnage Tax</b>	N/A	<p><b>\$25/ton</b> for any grapes used in Oregon production of wine. Tax paid by producing winery (\$12.50 of this owed by OR grower). <b>\$12.50/ton</b> for Oregon-grown grapes sold outside Oregon. <b>\$0.021/gal</b> for Oregon wine made from juice of agricultural products other than grapes.</p>
<b>Export</b>	<p>Wine exported from the U.S. is exempt from excise tax. Complete TTB Form 5120.24 Drawback on Wine Exported <a href="http://www.ttb.gov/forms/f512024.pdf">http://www.ttb.gov/forms/f512024.pdf</a> and provide proof of export (shipping documents).</p>	<p>All wine exported from Oregon is exempt from privilege tax. Complete Schedule 4. The winery must maintain proof of export (shipping documents).</p>
<b>Links to Laws</b>	<a href="#">Link to Wine Excise Tax quick reference guide</a>	<a href="#">Tax regulations: OAR 845 Division 8</a>

