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# Introduction to TTB's Boot Camp for Cideries

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# TTB Disclaimer

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- This information is being presented to help the public to understand and comply with the laws and regulations that the Alcohol and Tobacco Tax and Trade Bureau administers.
- It is not intended to establish any new, or change any existing, definitions, interpretations, standards, or procedures regarding those laws and regulations.
- In addition, this presentation may be made obsolete by changes in laws and regulations.
- Sample documents (such as records, returns, and labels) are for illustrative purposes only and contain fictitious data.



# TTB Overview

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- 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



# TTB Mission

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**COLLECT** the taxes on alcohol, tobacco, firearms, and ammunition

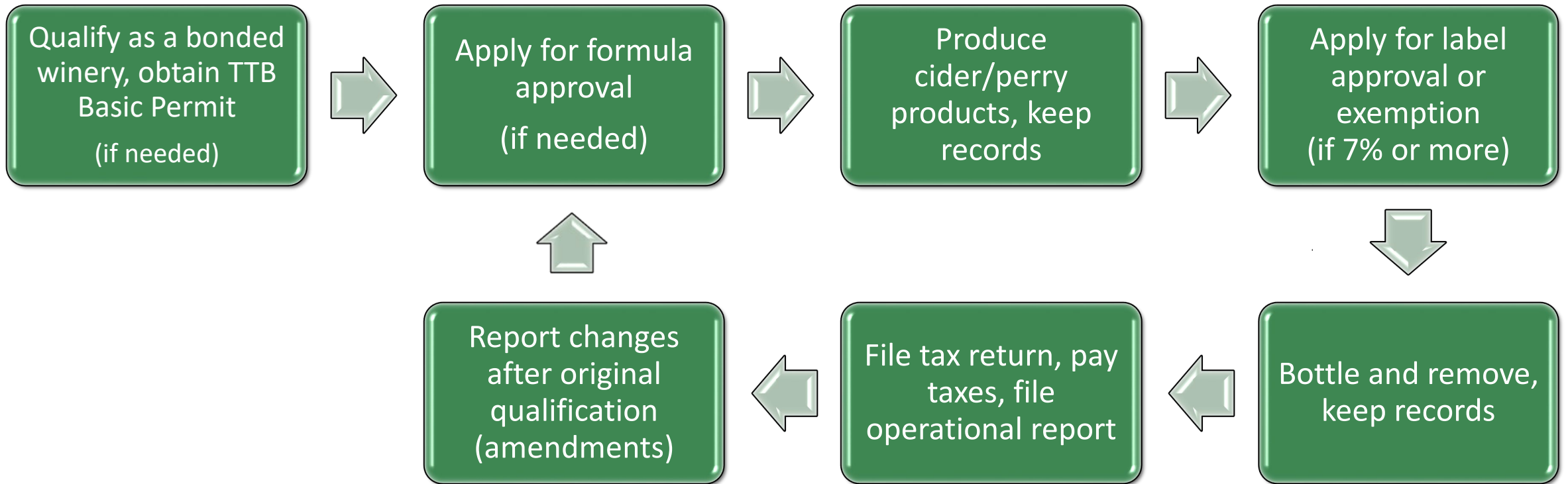
**PROTECT** the consumer by ensuring the integrity of alcohol products

**ENSURE** only qualified businesses enter the alcohol and tobacco industries

**PREVENT** unfair and unlawful market activity for alcohol and tobacco products



# Typical TTB Touchpoints for Cider Industry Members





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# Legal Framework for Cideries

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# You'll learn which TTB laws & regulations cover cider, and why it's important to know

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1 How TTB defines "cider"

2 The main TTB laws & regulations covering cider

3 How to determine which requirements to follow

What are Cider and Perry?

Which Federal Laws and Regulations Apply?

Which Federal Agencies Regulate Them?







# What is Cider?

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





# How Does TTB Define Cider and Perry?

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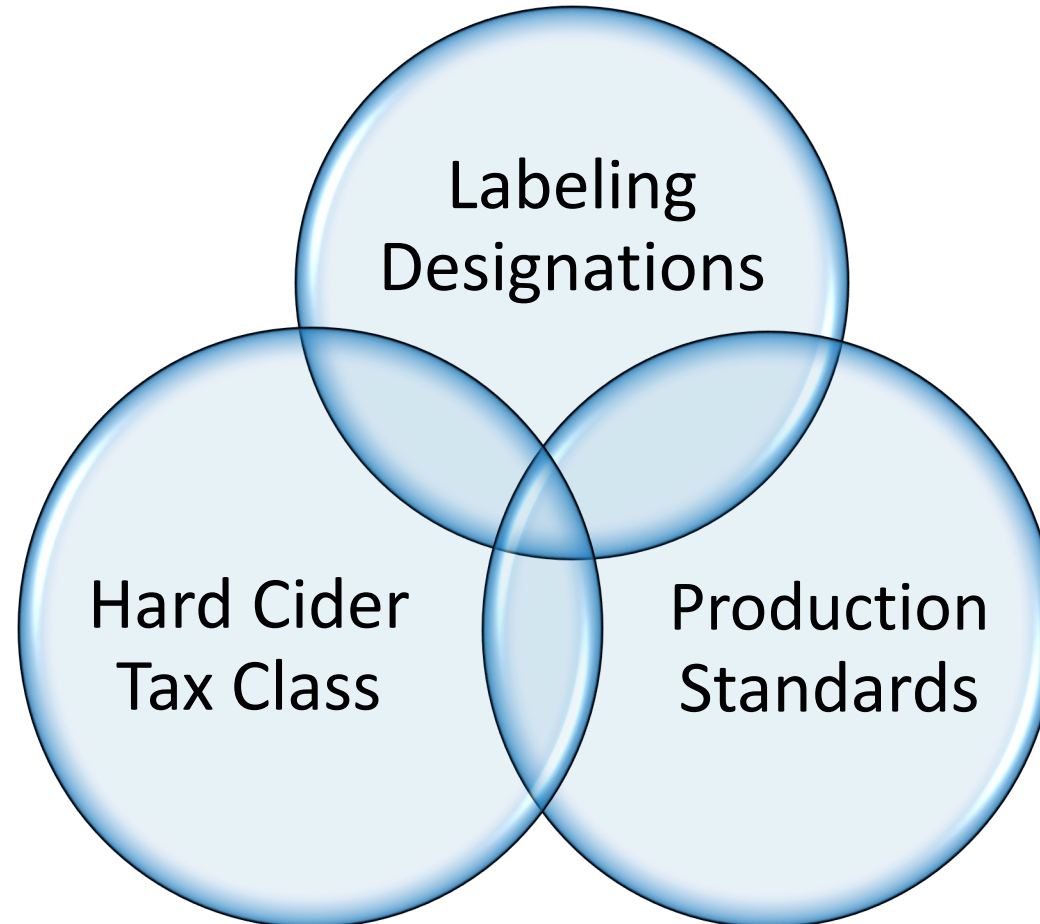
When used in the TTB regulations the terms **cider**, **perry**, and **hard cider** have very specific meanings

Since these terms are defined in TTB regulations we'll use **cider and perry products** as umbrella terms



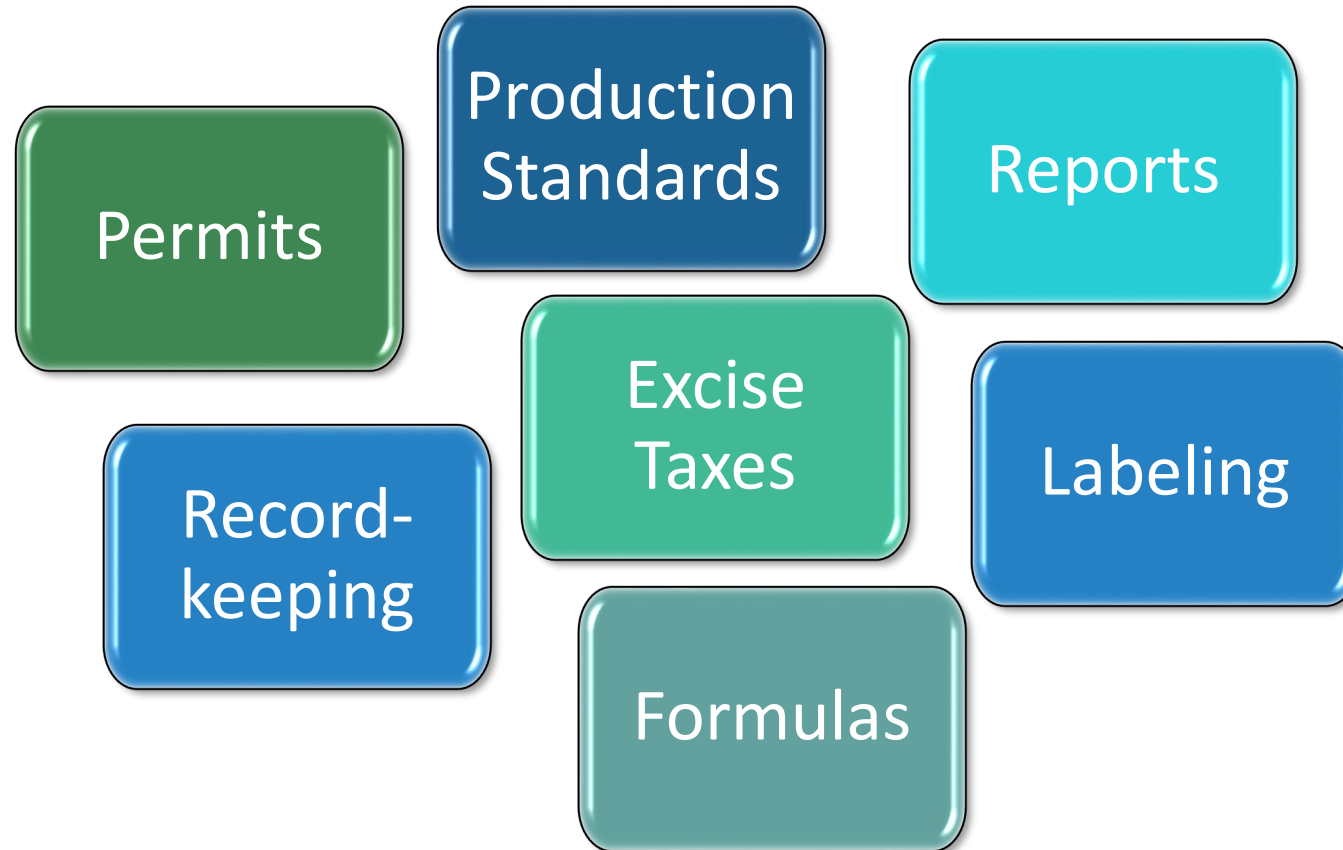
# How Does TTB Define Cider and Perry Products?

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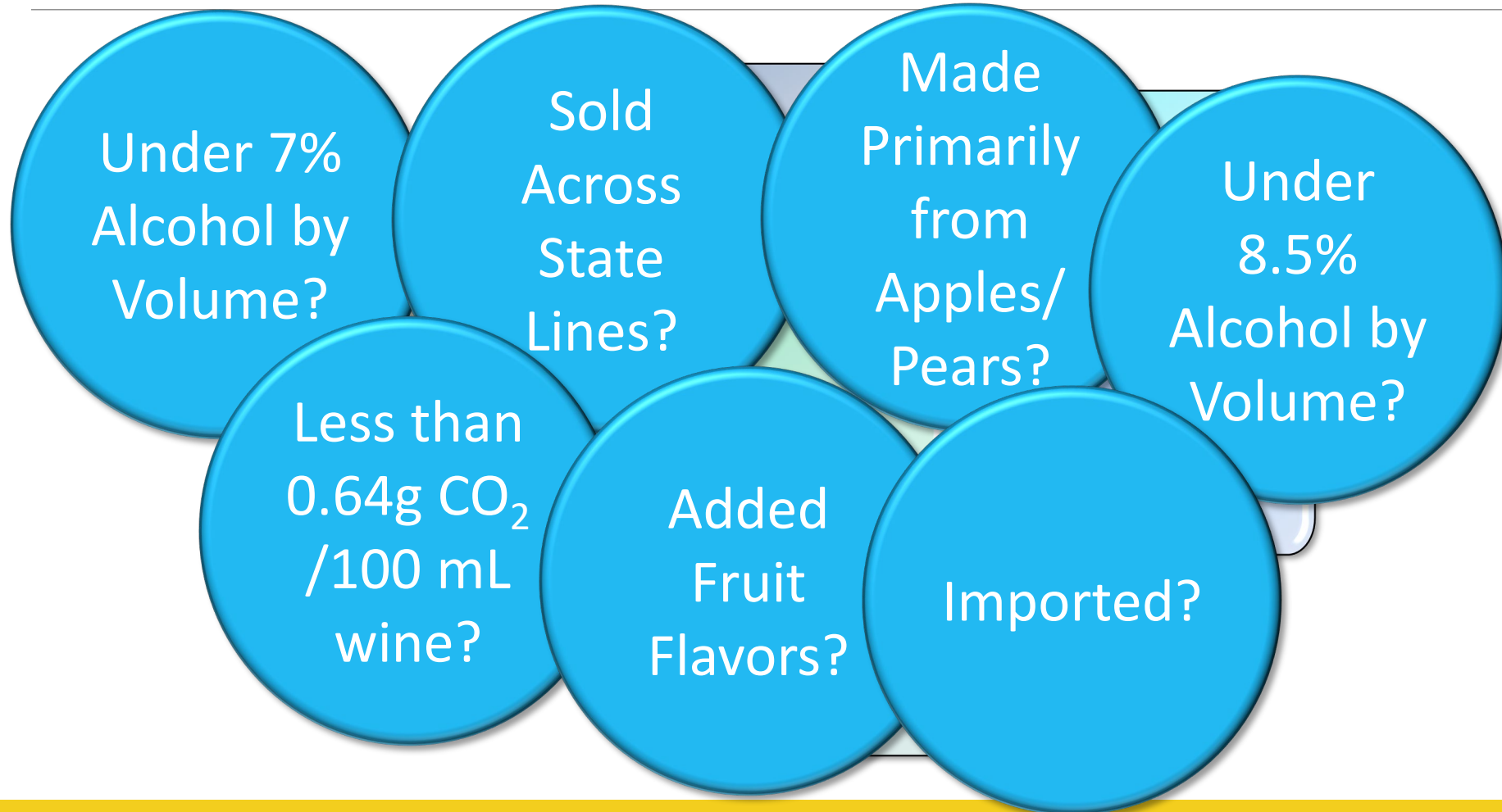


# How Does TTB Regulate Cider and Perry Products?





# How do you Know Which Requirements Apply?





# How do you Know Which Requirements Apply?

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To understand which TTB requirements apply to your cider/perry products, you need to understand:

- How they fit into the federal legal framework, and
- How they are classified for production, tax, and labeling purposes



# Let's Start with Federal Laws

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There are 3 different statutes or laws under TTB jurisdiction that govern cider/perry products:

- Internal Revenue Code (IRC)
- Federal Alcohol Administration Act (FAA Act)
- Alcoholic Beverage Labeling Act (ABLA)

Under these laws, cider/perry products are categorized as alcohol beverages in general and wine specifically



# IRC Requirements for Wine

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The Internal Revenue Code (IRC) implementing regulations (27 CFR part 24) cover issues such as:

- Qualification/registration of bonded wine premises
- Production requirements
- Formulas (for some)
- Recordkeeping/reports
- Taxes
- Basic labeling/marketing

**The part 24 regulations apply to all domestic commercial cideries making product with 0.5% ALC. BY VOL. or more**

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

[27 CFR part 27](#) (imports)





# Wine Classifications in Part 24 (IRC)

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- For production purposes, part 24 subdivides wine into **Standard wine** and **Other than Standard wine**
- Cider/perry products may be either one, depending on how they are made
- Cider/perry products that are **Standard wine** may be either
  - **Natural wine**
  - **Special Natural wine**



# Wine Classifications in Part 24 (IRC)

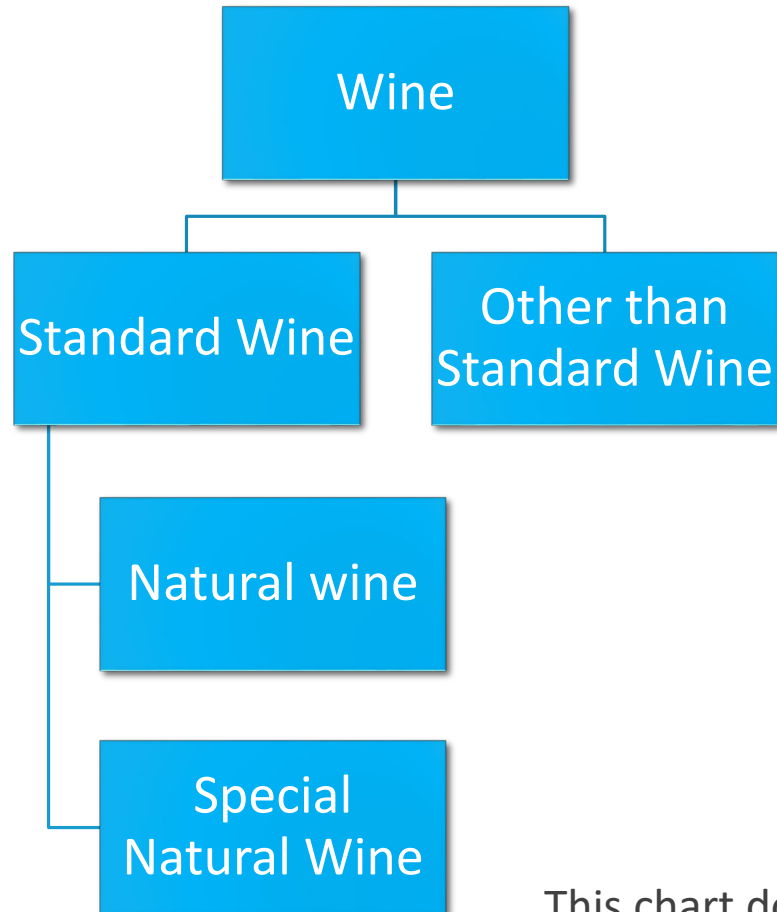
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**Natural wine:** The product of the juice or must of sound, ripe grapes or other sound, ripe fruit (including berries) made with any cellar treatment authorized by [subparts F](#) and [L of this part](#) and containing not more than 21 percent by weight (21 degrees Brix dealcoholized wine) of total solids.

**Special natural wine:** A product produced from a base of natural wine (including heavy bodied blending wine) to which natural flavorings are added, and made pursuant to an approved formula in accordance with [subpart H of this part](#).



# Wine Classifications in Part 24 (IRC)



- All cider/perry products are wine
- Some are Standard Wine, some are Other than Standard
- Of those that are Standard, some are Natural wine, some are Special Natural wine

This chart does not depict all wine classifications in part 24



# Why Does it Matter?

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The IRC classification of cider/perry as a **Natural wine**, a **Special Natural wine**, or an **Other than Standard wine** affects:

- How it can be made, and
- Whether a formula is required

**It DOES NOT affect the tax rate**



# Tax Classes Under the IRC

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- For tax purposes, the IRC subdivides wine into several different tax classes
- Depending how cider or perry products are made, they may not be eligible for the Hard Cider tax rate
- In general, the tax classification of cider and perry products is determined by:
  - Alcohol content
  - Level and origin of carbon dioxide
  - Ingredients used



# Tax Rates that May Apply to Cider Products

Tax Classes	Wines Gallons Per Calendar Year				
	Tax Rate per Wine Gallon	First 30,000 (\$1 credit)	Over 30,000 up to 130,000 (\$0.90 credit)	Over 130,000 up to 750,000 (\$0.535 credit)	Over 750,000
<b>Still Wines</b>					
16% and under alcohol by volume (0.392g CO <sub>2</sub> /100mL or less)	\$1.07	\$0.07	\$0.17	\$0.535	\$1.07
Over 16 - 21% alcohol by volume (0.392g CO <sub>2</sub> /100mL or less)	\$1.57	\$0.57	\$0.67	\$1.035	\$1.57
Over 21 - 24% alcohol by volume (0.392g CO <sub>2</sub> /100mL or less)	\$3.15	\$2.15	\$2.25	\$2.615	\$3.15



# Tax Rates that May Apply to Cider Products

Tax Classes	Wines Gallons Per Calendar Year				
	Tax Rate per Wine Gallon	First 30,000 (\$1 credit)	Over 30,000 up to 130,000 (\$0.90 credit)	Over 130,000 up to 750,000 (\$0.535 credit)	Over 750,000
<b>Artificially Carbonated Wine</b>					
Over 0.392g CO <sub>2</sub> /100mL - injected or otherwise added	\$3.30	\$2.30	\$2.40	\$2.765	\$3.30
<b>Sparkling Wine</b>					
Over 0.392g CO <sub>2</sub> /100mL - naturally occurring	\$3.40	\$2.40	\$2.50	\$2.865	\$3.40



# Tax Rates that May Apply to Cider Products

Tax Classes	Wines Gallons Per Calendar Year				
	Tax Rate per Wine Gallon	First 30,000 (6.2¢ credit)	Over 30,000 up to 130,000 (5.6¢ credit)	Over 130,000 up to 750,000 (3.3¢ credit)	Over 750,000
<b>Hard Cider</b>					
No more than 0.64g CO <sub>2</sub> /100mL; derived primarily from apples/pears or apple/pear juice concentrate and water; containing no other fruit product or fruit flavoring other than apple/pear; and containing at least 0.5% and less than (not equal to) 8.5% alcohol by volume	\$0.226	\$0.164	\$0.17	\$0.193	\$0.226





# 'Hard Cider' Tax Class

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

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



# FAA Act Requirements for Wine

- Federal Alcohol Administration Act (FAA Act) defines wine as having from 7% to 24% alcohol by volume
- As a result, not all cider/perry products are regulated under the FAA Act
- The implementing regulations (27 CFR) cover issues such as:
  - Labeling
  - Certificates of Label Approval (COLA)
  - Qualification (Basic Permit)
  - Advertising
  - Trade practices
  - Labeling proceedings

**The FAA regulations only apply if ALC. BY VOL. is 7% or more, and product is sold interstate**

27 CFR parts [1](#), [4](#), [6](#), [8](#), [10](#), [11](#), and [13](#)



# Alcoholic Beverage Labeling Act

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The Alcoholic Beverage Labeling Act and TTB regulations in 27 CFR part 16 require that a **Health Warning Statement** appear on all alcohol beverages with 0.5% alcohol by volume or more

**Applies to all commercial cider/perry products if ALC. BY VOL. is 0.5% or more**

[27 CFR part 16](#)



# Labeling of Cider/Perry Products

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- Labeling requirements for cider/perry products appear in both the IRC (part 24) and the FAA Act (part 4)
- You may also need to meet FDA food labeling and CBP import labeling requirements

**How do you know which rules apply to your product?**



# IRC Labeling of Cider/Perry Products

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- There are IRC labeling and marking requirements found in part 24 that apply to all wine, including cider/perry products, removed from U.S. wine premises
- These are the primary TTB rules for labeling cider/perry products with less than 7% alcohol by volume\*

\*These rules also apply to wine covered by a Certificate of Exemption from Label Approval

[27 CFR 24.257](#)



# FAA Act Labeling of Cider/Perry Products

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- The Federal Alcohol Administration Act (FAA Act) defines wine as containing at least 7% to 24% alcohol by volume
- So the labeling and COLA requirements found in part 4 DO NOT apply to cider and perry products that are under 7% alcohol by volume
- Instead, those wines must comply with applicable **FDA food labeling and packaging requirements**, including ingredient, nutrition, and allergen labeling requirements



# Mandatory Label Information

## 7% or More

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

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

[27 CFR part 4](#)



# Mandatory Label Information

## 7% or More

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The following statements must appear:

- Brand name
- Class, type or other designation
- Name and address of the bottler
- Net contents
- Alcohol content
- Government Health Warning

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





# Fruit-Based Wine Classifications in Part 4

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- For labeling purposes, part 4 subdivides wine into 9 classes, including **Class 5: Fruit Wine**
- Wine that does not fit into any of the 9 classes is commonly called a **wine specialty product**
- Cider/perry products may be classified as either one under part 4, depending on how they are made



# Fruit Wine

## Part 4

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Class 5 Fruit wine is produced by the normal alcoholic fermentation of the juice of sound, ripe fruit [other than grapes]...

- May be designated as **apple wine, cider, or hard cider** if derived wholly from apples
- May be designated as **pear wine or perry** if derived wholly from pears
- If multiple kinds of fruit are fermented together, it must be labeled with a truthful and adequate statement of composition, such as **apple-blueberry wine**

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



# Wine Specialty Products

## Part 4

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Wine specialty products do not fit into any of the 9 part 4 wine classes and must be labeled with a truthful and adequate statement of composition

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

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



# Why Does Interstate Commerce Matter?

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The labeling rules (mandatory information, COLAs, and prohibited practices) under the FAA Act ([27 CFR part 4](#)) apply to cider/perry products (**7% or more** alc. by vol.) that:

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



# Why Does Interstate Commerce Matter?

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



# Which Labeling Laws and Regulations Apply?

		1 If the alcohol content by volume is:		
		0.5 to < 7%	7 to 24%	
			Interstate commerce? 2	
		Yes	No	
3 Then the following wine labeling laws and regulations apply:				
Law	Regulations			
Alcoholic Beverage Labeling Act of 1988 (ABLA)	<a href="#">27 CFR part 16 - Alcoholic Beverage Health Warning Statement</a>	X	X	X
Internal Revenue Code (IRC)	<a href="#">27 CFR part 24 - Wine</a> <a href="#">27 CFR part 27 - Importation of Distilled Spirits, Wines, and Beer</a>	X	X	X
Federal Alcohol Administration (FAA) Act	<a href="#">27 CFR part 4 - Labeling and Advertising of Wine</a>		X	
Federal Food, Drug, and Cosmetic Act (FD&C Act)	<a href="#">21 CFR part 101 – Food Labeling</a>	X		



# Cider/Perry Products Recap

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

- Regulated as wine
- Must be made at qualified bonded wine premises
- May be eligible for the Hard Cider tax rate
- May require formula approval



# Cider/Perry Products Recap

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

- Must be labeled in compliance with:
  - 27 CFR part 16 – Government Health Warning Statement
  - 27 CFR part 24 – (domestic, including <7% alc/vol or covered by Cert. of Exemption)
  - 27 CFR part 4 – (7% or more alc/vol and covered by Cert. of Label Approval)
  - FDA labeling & packaging regulations (<7% alc/vol)
  - U.S. Customs regulations (imported)





# TTB Cider Resources

## Cider Resources

### Apply for a Permit: Qualifying with TTB

<https://www.ttb.gov/business-tools/qualify-with-ttb>

### Permits Online Customer Page

<https://www.ttb.gov/ponl/customer-support>

### Permits Online Tutorial

<https://www.ttb.gov/ponl/ponl-launch>

### State Alcohol Beverage Authorities

<https://www.ttb.gov/wine/alcohol-beverage-control-boards>

### Cider FAQs

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

### Maintaining Compliance in a TTB-Regulated Industry

<https://www.ttb.gov/business-central/industry-members-responsibilities>

### Overview of the Application Process

<https://www.ttb.gov/ponl-help/permits-online-overview-of-the-application-process>

### Wine Laws, Regulations, and Public Guidance

<https://www.ttb.gov/wine/laws-regulations-and-public-guidance>



# Contact Us

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## Questions?

**Contact the National Revenue Center at:**

- Toll-Free: 877-882-3277 / 877-TTB-FAQS
- Use our [National Revenue Center Contact Form](#)

**Representatives are Available:**

8 a.m. to 4:30 p.m. ET Monday - Friday (except on federal holidays)