

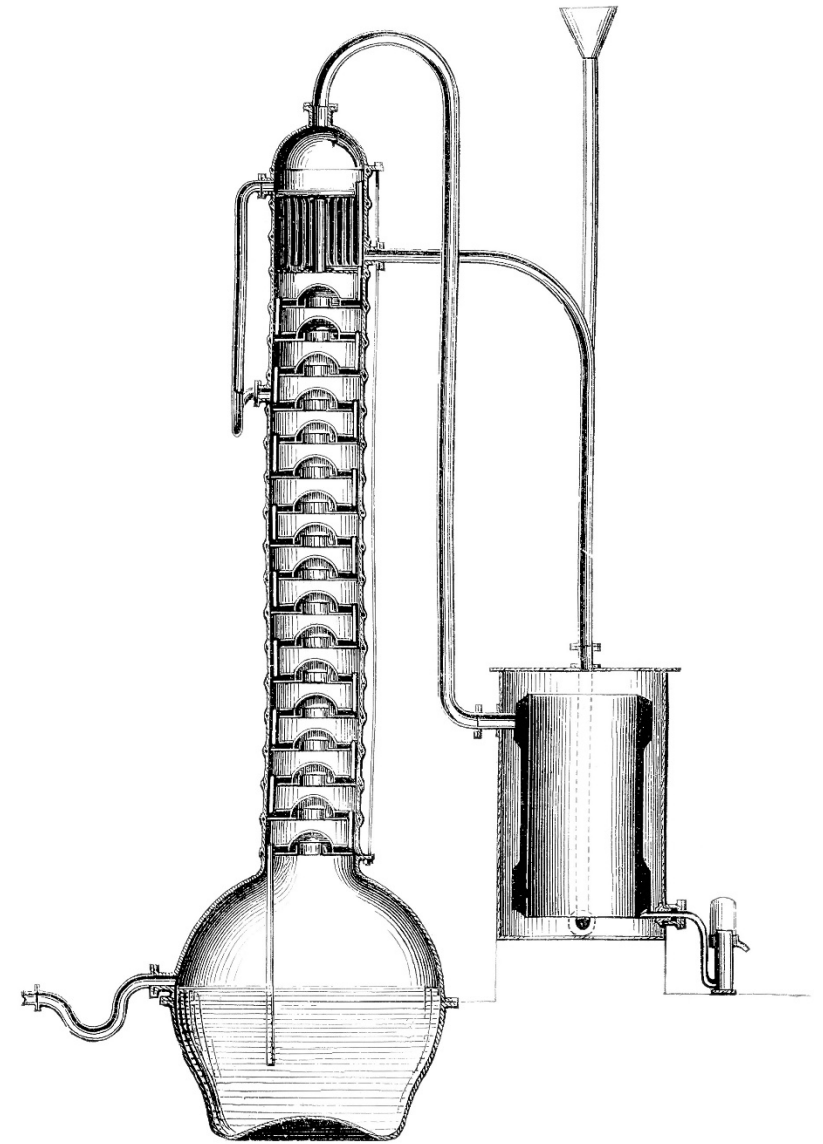


# TTB Webinar Series: Boot Camp for Distillers

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TTB OVERVIEW/BASICS AND PERMITS

# Introduction to TTB Boot Camp: The Basics





# TTB Disclaimer

## Notice:

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



# Agenda

- Overview of TTB
- Typical TTB touchpoints for distilleries
- The primary laws and regulations you need to know about



# TTB Overview

- Bureau within the Department of the Treasury
- Currently about 480 employees
- Headquarters are in Washington, DC
- Office of Permitting and Taxation is in Cincinnati, Ohio
- Field offices located across the country and Puerto Rico
- Laboratories located in Maryland and California



# TTB Mission

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

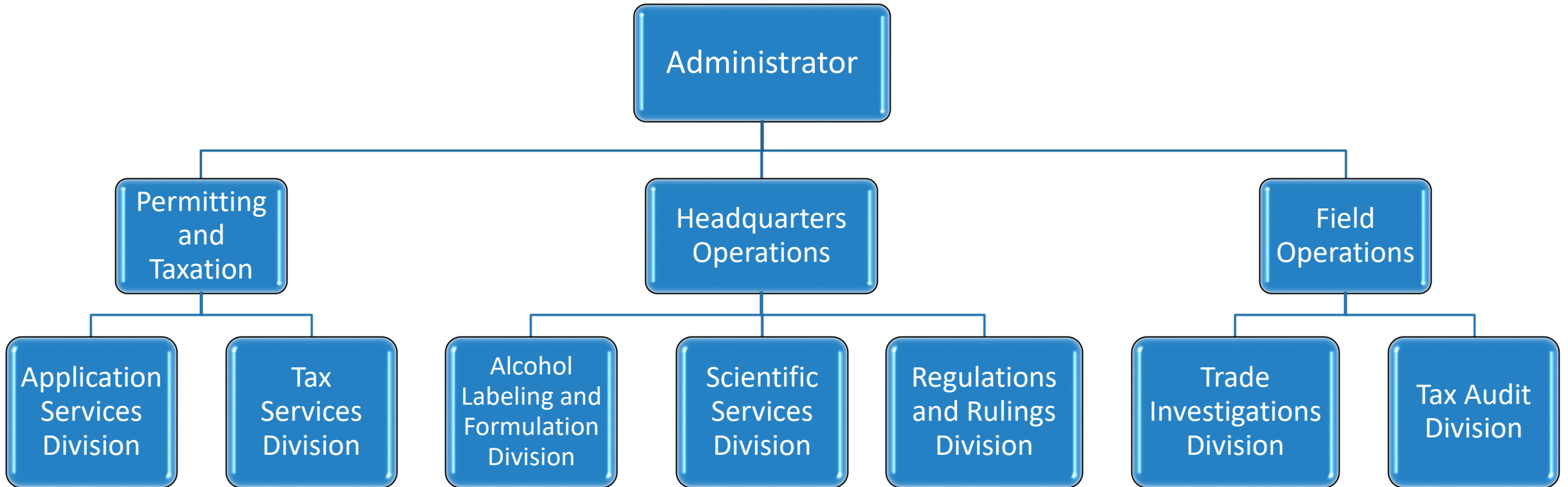
**PROTECT** the consumer by ensuring the integrity of alcohol products

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

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

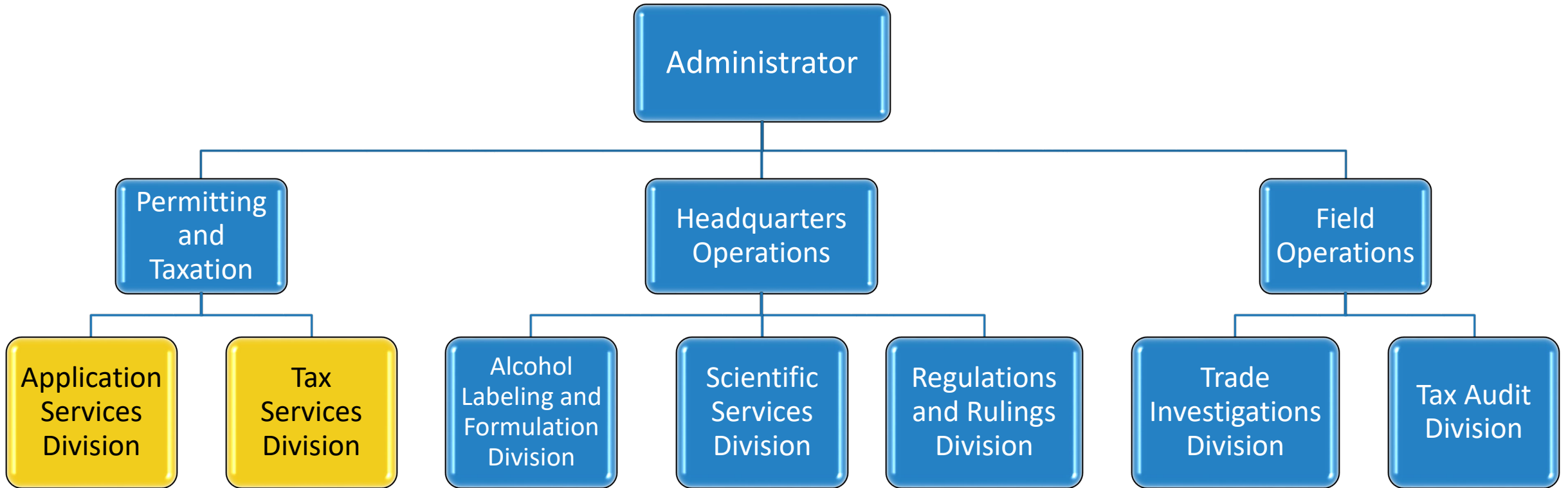


# TTB Organizational Chart





# TTB Organizational Chart







# Permitting and Taxation National Revenue Center

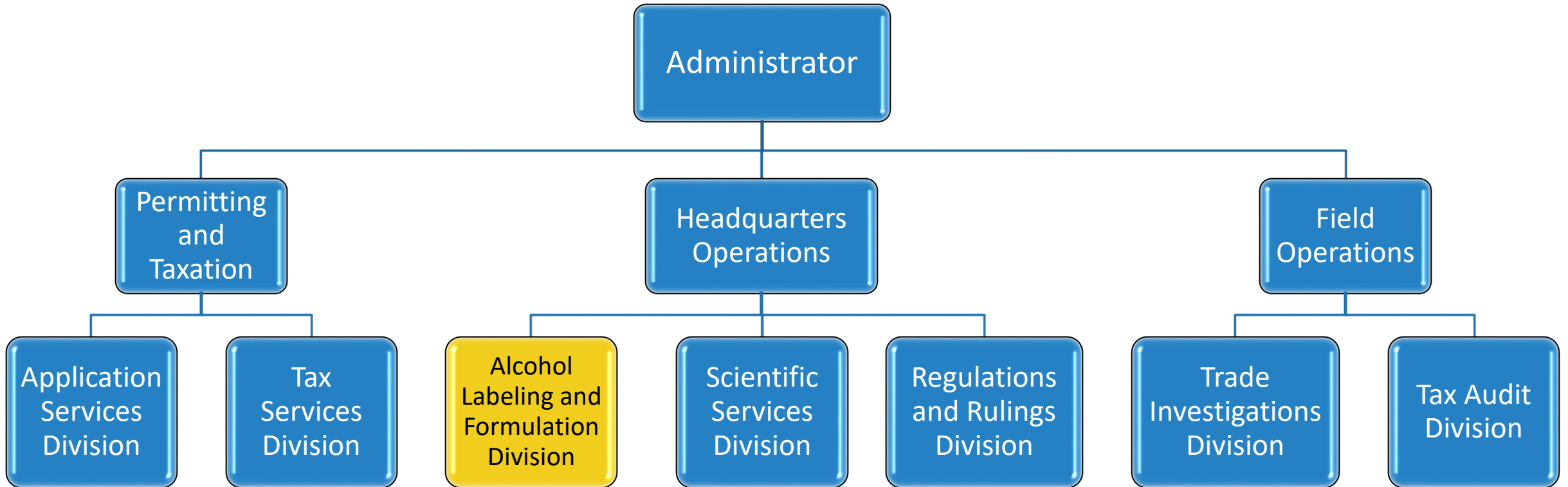
**Application Services Division** - Issues permits/notices/registrations

**Tax Services Division** - 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

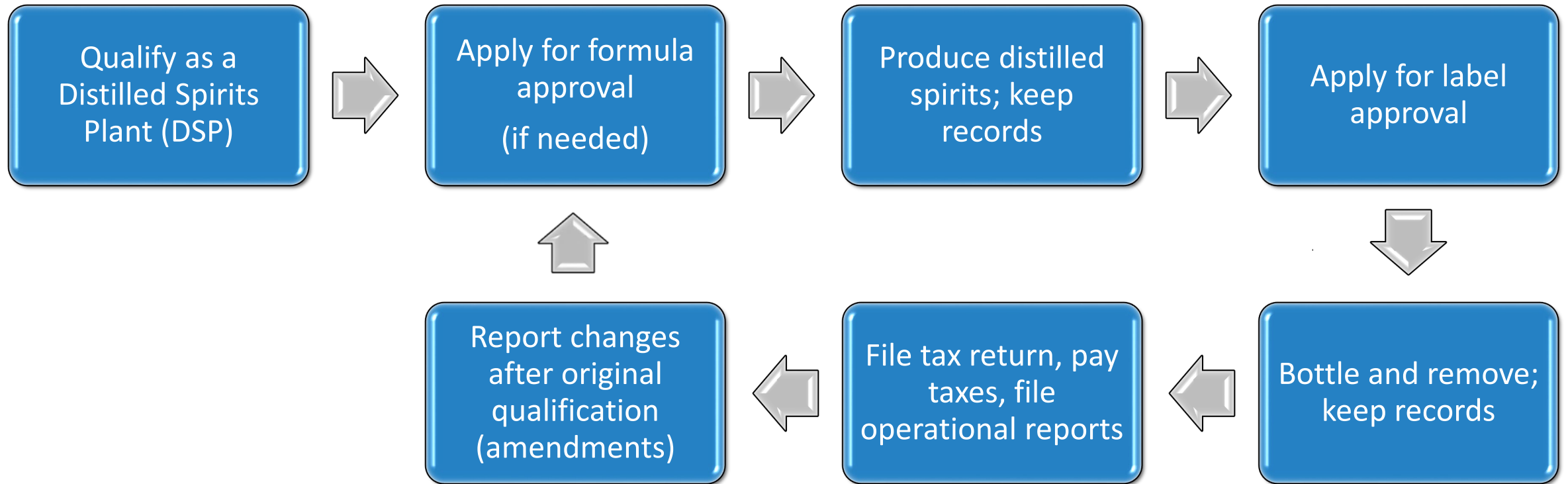
Processes applications for **beverage alcohol formulas**

Processes applications for **label approval**

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



# Typical TTB Touchpoints for Beverage Distilled Spirits Industry Members





# TTB Laws and Regulations\*

## Domestic Producers

### Internal Revenue Code (IRC)

- [Part 19](#) Distilled Spirits Plants

### Federal Alcohol Administration Act (FAA Act)

- [Part 5](#) Labeling and Advertising of Distilled Spirits

\* Not a complete list



# IRC Requirements for (Domestic) Alcohol Beverage Products

**Applies to all alcohol beverage products produced in the U.S.**

**Includes:\***

- Qualification (permit)
- Recordkeeping requirements and reports
- Taxes
- Formulas (for some alcohol beverage products)
- Minimum marks, brands and label requirements

\* Not a complete list



# FAA Act Requirements

**Applies to domestic and imported alcohol beverage products, but only if they are sold or shipped ... in interstate commerce\***

Includes:

- Labeling requirements
- Certificates of Label Approval (COLA)
- Advertising
- Trade practices

\*Other conditions may apply for labeling and COLA requirements, not a complete list



# Resources

## Resources Available

**Contact the Office of Industry and State Outreach at:**

- Use our [Office of Industry and State Outreach contact form](#)

**Information on outreach events:**

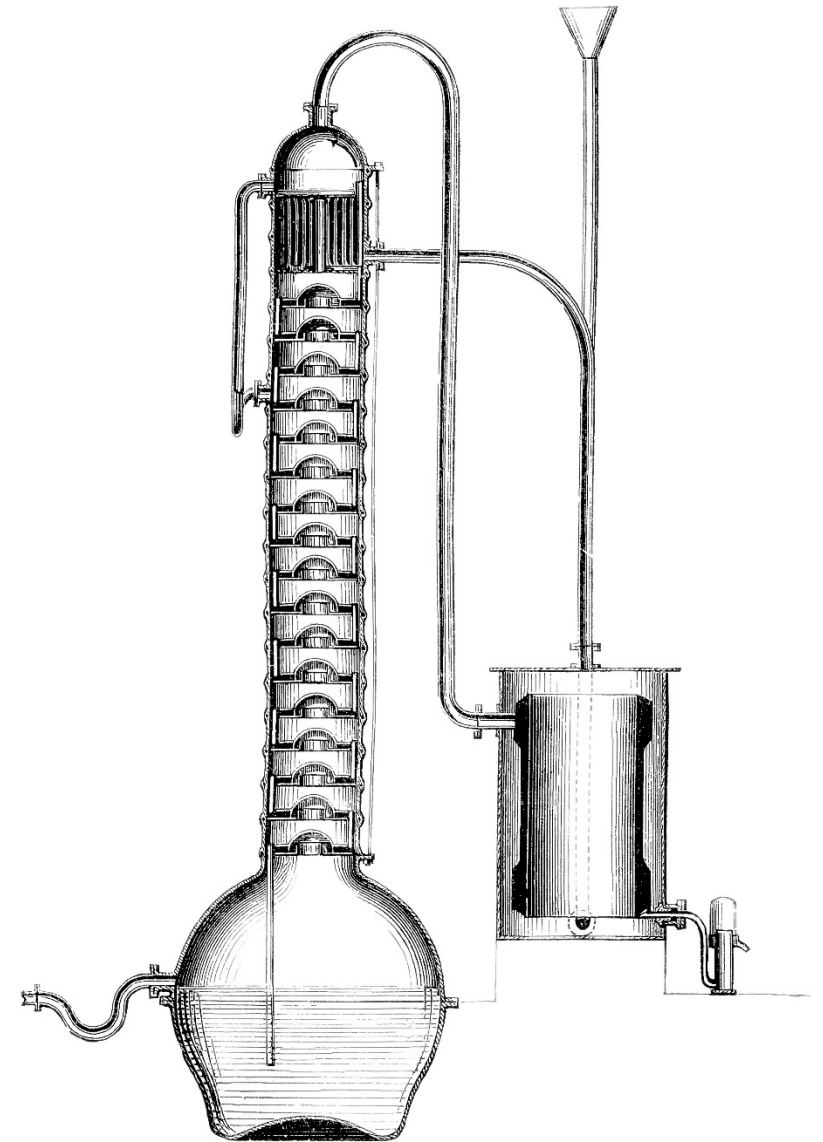
- Visit our [TTB Outreach](#) page for information on upcoming webinars, presentations, and other outreach events

**Educational resources available:**

- Visit our [TTB Learning Center](#) for videos, tutorials, and more
- Recent presentations are available on our [Presentations](#) page

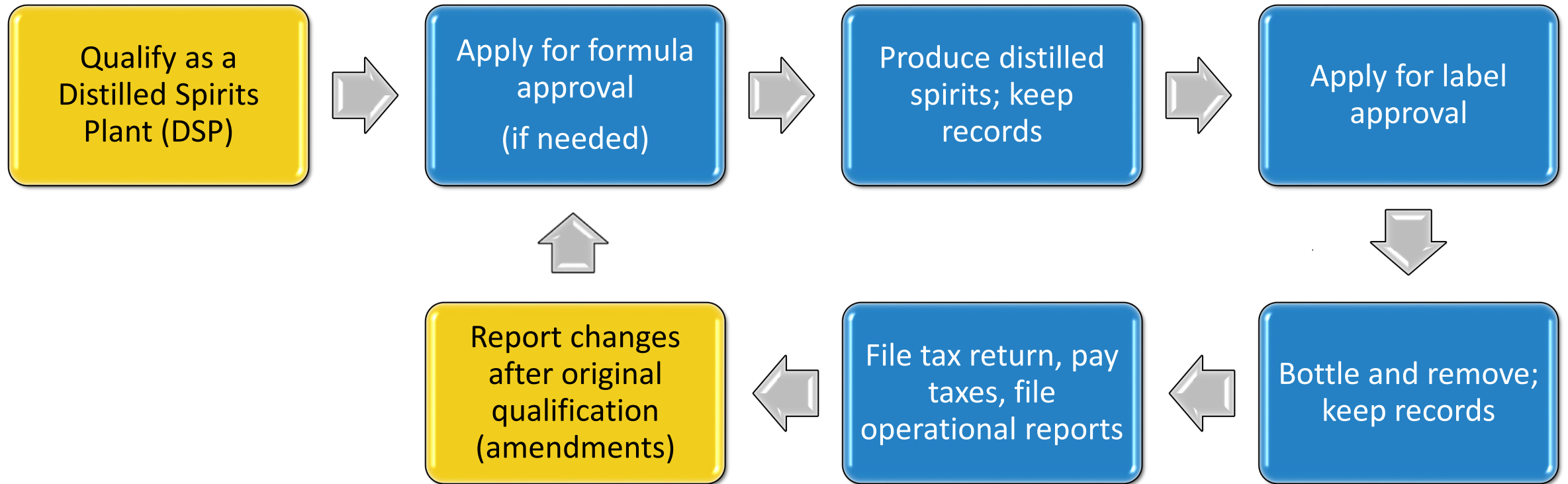


# Permits: Original and Amendments





# Typical TTB Touchpoints for Beverage Distilled Spirits Industry Members





# Definitions

## General premises

- Any business office, service facility, or other part of the premises described in the notice of registration other than bonded premises
  - For example: storage of taxpaid spirits, offices, lunch room, restrooms and non-alcohol storage

27 CFR 19.1



# Definitions (Cont.)

## Bonded premises

- The premises of a distilled spirits plant, or part thereof, as described in the application for registration, on which the conduct of distilled spirits operations (distilling, warehousing, processing) is authorized
- This term applies regardless of whether or not the proprietor is required to hold a bond

27 CFR 19.1



# Bond Basics

## **A bond is similar to an insurance policy**

- If you fail to pay any tax liability covered by a bond, TTB may seek payment from you, from the surety who issues your bond, or from both
- Your individual circumstances dictate if you need a bond and if yes, the type(s) of bond coverage:
  - What is your anticipated excise tax liability?
  - Which DSP operations will you conduct?
  - Will your operations involve industrial, beverage or both types of alcohol?

27 CFR part 19 subpart F



# Do You Need a Bond?

## The PATH Act (2017) amended the IRC regarding bonds:

- Taxpayers who reasonably expect to be liable for not more than \$50,000 in taxes for the calendar year, and
- were liable for not more than \$50,000 in such taxes in the preceding calendar year
- are exempt from the requirements to file bonds covering operations or withdrawals

Industry Circular 2016-2



# 'Bond' and 'Bonded' Used in TTB Regulations

- The terms **bond** and **bonded** are used to modify certain terms throughout 27 CFR part 19, the TTB regulations governing DSPs
- When used, they apply to distilleries with a bond or that are exempt under the PATH Act from having a bond
- Examples include:
  - Bonded premises
  - Transfer in bond



# Receiving Spirits in Bond

- If you will receive bulk spirits in bond from another domestic distilled spirits plant, you should complete TTB Form 5100.16, even if you are not required to obtain a bond
  - Use \$13.50 per proof gallon when calculating the potential liability on transferred spirits
- Once approved, a transfer in bond form will be attached to your application and you should supply a copy to the supplier transferring the spirits to you

27 CFR 19.402 & 19.403





# Restrictions on Location of Plants

**A person who intends to establish a distilled spirits plant may not locate it in any of the following places:**

- (a) In any residence, shed, yard, or enclosure connected to a residence;
- (b) On any vessel or boat;
- (c) Where beer or wine is produced;
- (d) Where liquors are sold at retail; or
- (e) Where any other business is conducted except as provided in §19.54.

27 CFR 19.52

26 U.S.C. 5178



# Did You Know...?

- Before your application is approved, construction of your premises should be complete with necessary equipment in place or on order
- You cannot begin producing spirits until you receive your approved DSP Registration and Permit



# Who is the Applicant?

Before you apply, it is vital to determine who will be the owner/operator of the TTB regulated business

- Sole proprietor?
- Partnership?
- Corporation?
- LLC?
- Some other type of entity?



# What to Gather Before You Apply

- There are a number of supporting documents that you'll be required to submit with your application
- Plan ahead and gather these documents before you begin the application



# What to Gather Before You Apply

- Organizational documents establishing your business entity
- Lease agreement or proof of ownership
- Signing authority authorization:
  - Signing Authority, TTB Form 5100.1
  - If persons with signing authority are not identified in the organizational documents
  - Power of Attorney (POA), TTB Form 5000.8
- Diagram of the DSP




# Register for an Account in Permits Online

Home    My Submissions    Resume Draft    Help

User Name or E-mail:     Password:     [Log in »](#)

Remember me on this computer    [I've forgotten my password](#)    [New Users: Register for an Account](#)



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



# 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 (type and location) the entity is approved to conduct

A typical entity record will have at least 1, but may have multiple commodity operations records associated with it



# Business Entity and Commodity Operations

- When applying to start your first TTB-regulated business, you'll complete 1 **new entity application** and a **new commodity operations application** for each operation (type and location) you intend to conduct
- When you file an amendment related to the business entity, you will file 1 application and the changes are associated with each operation you conduct
  - Examples: a new officer or new POA





# Business Entity and Commodity Operations





# Permits Online Questions

Applicants are asked a series of questions in **Permits Online** to help distinguish what can and cannot be done at a distillery

Will you have a tasting room?: \*  Yes  No

If you charge for samples, parking, or tours then you are prohibited from establishing a tasting room on the premises. The tasting room must be separate from the distillery with floor to ceiling walls and must have its own entrance. It cannot be part of the distilled spirits plant and must be shown on the diagram. Do you understand this requirement?: \*  Yes  No

If you do not plan to charge for samples, parking, or tours then the tasting room can be located on the general premises, but must be separate from the bonded premises with floor to ceiling walls, have its own entrance and be shown on the diagram. Do you understand this requirement?: \*  Yes  No



# Changes to Your Entity that You Must Report to TTB

## Changes in:

- Legal business name
- Controlling ownership
- General partner
- Any stockholder or members holding ownership of 10% or more
- Corporate officer, directors, or any similar positions

## Adding, revoking, or changing:

- Signing authority
- Power of attorney

**Termination** of all TTB-regulated operations under your EIN (going completely out of business)



# Changes to Your Commodity Operations That You Must Report to TTB\*

## Change in:

- Premises location
- Bond
- Construction or use of building
- Operations
- DBA/Operating name

## Adding or removing:

- Trade names
- Noncontiguous premises
- Alternation of premises
- Alternation of proprietor
- Variance or alternate method

**Termination** of operations at 1 location, but keeping other operations/locations under the same EIN open

\*requirements vary slightly by commodity operation



# Alternation of Premises

**The premises is used by the same owner/same EIN to conduct another TTB - regulated business, such as a winery or brewery**

If you are an already established DSP and wish to add a winery or brewery, you must submit:

- A new application for the commodity operations that you are adding
- Updated diagram showing which areas will be alternating
- Change in Bond (Consent of Surety) TTB Form 5000.18

You may also submit:

- Variance request to use brewery for another purpose
- Variance from the requirement to submit notification of each alternation

27 CFR 19.627



# Alternation of Proprietorship

**Two or more proprietors with different EINs conduct the same type of operations at the same premises, and space and/or equipment alternates between proprietors**

Generally, the proprietor of an existing DSP, the host distiller, agrees to rent space and equipment to a new tenant distiller

The host and tenant of an alternating proprietorship are 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
- A variance request for an alternate method or procedure from 27 CFR 19.141(b), so that the proprietor does not need to file a letterhead notice prior to each alternation

27 CFR 19.141



# Resources

## 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>

### Alcohol FAQs

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

### 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>

### Laws, Regulations, and Public Guidance

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



# Contact Us

## 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)