Practical Compliance Guidance from TTB for Bonded Wineries

Presented by Mark E. Epps, TTB Investigator
Trade Investigations Division
Alcohol and Tobacco Tax and Trade Bureau (TTB)

January 2013

THE TTB STORY

Presented by Mark E. Epps,
TTB Investigator           1/11/2013
TTB’s Product Integrity Mission

A statutory mandate of TTB is:
1. to prevent consumer deception
   
   and
2. To ensure that alcoholic beverage labels provide consumers with adequate information as to the identity and quality of the product.

Trade Investigations Division
In this presentation…

- **Areas of greatest concern** and priority to both TTB and the industry member
- **Wine producers, importers & wholesalers**
- **Record requirements** involve regular tracking of things that are already in the business interest of a winery to track: transfer of wine from tank to tank or barrel to barrel, sales records, and all the records that tie into the *Label Information Record*.

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In this presentation…

- The audit trail includes source records and summary records in order to establish label claims such as varietal, vintage, appellation of origin, analytical data and date of harvest.
- **TTB helps you stay on top of winery recordkeeping** with our Pay.gov & COLAs Online systems to make wire payments, file reports and returns and submit wine labels – all electronically. The result: *speed, efficiency and fewer mistakes.*
OUR NEWEST E-GOVERNMENT INITIATIVE: PERMITS ONLINE

Permits Online
Welcome to our customer support site for Permits Online, our system for drafting, submitting, and tracking original and amended applications to operate alcohol and tobacco businesses, and register to make tax free sales of firearms and ammunition.

CLICK THE LOGO TO GET STARTED.
The benefits to you when using Permits Online are:
- A Safe and Secure System
- Self Registration
- Instant Status Checks
- Save and Continue Your Work
- Better Organization

Average Processing Time
As of: 11/30/2012
Online 86 Days
Paper 98 Days

COLAs ONLINE: The TTB Label Submission & Approval System

COLAs Online Customer Support
COLAs (Certificates of Label Approval) Online is TTB's system for completing the Federal label certification and approval process online.
The benefits to you when using COLAs Online include:
- Online application and tracking.
- Email confirmation of receipt of label applications and a unique TTB ID number for tracking.
- Faster approvals than with paper applications
- Fewer rejections for omissions of data due to built-in business rules
- 7 days a week access (Routine system maintenance is performed daily between 4 a. m. to 5 a. m. Eastern Time).

Presented by Mark E. Epps,
TTB Investigator 1/11/2013
FORMULAS ONLINE: TTB’s Formula Submission & Approval System

Click HERE to register and begin using Formulas Online.

The benefits to you for using online formula approval include:
- An efficient and secure online system.
- Step-by-step guidance included in the system.
- A single User ID to access Formulas and COLAs Online.
- More accurate application with data validation checks.
- Up-to-the-minute application status sent to you via email.
- 7 days a week availability.

PAY.GOV: TTB’s Portal for Filing Required Reports and Returns

This system provides for rapid processing of electronic payments of federal excise taxes and the filing of forms like tax returns and the Report of Wine Premises Operations.
THE WINE ONLINE SEMINAR

INCLUDING SUCH TOPICS AS:

- RECORDKEEPING & REPORTS
- TAXES
- BONDS
- CHANGES TO REPORT TO TTB
- ALTERNATIONS, CUSTOM CRUSH & HOME WINE-MAKING CENTERS
- LABELING
- RESOURCES (contact information)

Federal Laws and Regulations

<table>
<thead>
<tr>
<th>Law</th>
<th>Implementing Regulation</th>
<th>Regulation Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Alcohol Administration Act (FAA Act) – 27 U.S.C. 201 et seq.</td>
<td>27 CFR Part 4</td>
<td>Labeling and advertising of wine</td>
</tr>
<tr>
<td></td>
<td>27 CFR Part 9</td>
<td>American Viticultural Areas</td>
</tr>
<tr>
<td></td>
<td>27 CFR Part 12</td>
<td>Foreign nongeneric names of geographic significance used in the designation of wine</td>
</tr>
<tr>
<td>Internal Revenue Code (IRC)</td>
<td>27 CFR Part 24</td>
<td>Wine</td>
</tr>
<tr>
<td>26 U.S.C. Chapter 51</td>
<td>27 CFR Part 27</td>
<td>Importation of distilled spirits, wines, and beer</td>
</tr>
</tbody>
</table>
Applying with TTB to Become a Bonded Winery

- The Federal Application Process for the Wine Industry

- Application Packet: Winery or Taxpaid Wine Bottling House

TTB Application Forms for a Bonded Winery

- Application to Establish and Operate Wine Premises [Form 5120.25](#)
- Application for Basic Permit Under the FAA Act [Form 5100.24](#)
- Wine Bond [Form 5120.36](#)
- Environmental Information [Form 5000.29](#)
- Supplemental Information on Water Quality Considerations
  - [Form 5000.30](#)
- Signature Authority:
  - Power of Attorney [Form 5000.8](#), or
  - Signing Authority for Corporate and LLC Officials [Form 5100.1](#), or
  - Signing Authority in Organizational Documents
- Special Tax Registration [Form 5630.5](#) (Registration only — No Tax Due)
Application Materials for a Bonded Winery

- **Trade Name Registration** for the company's Operating Trade Name and any additional Bottling Trade Names.
- **Diagram of bonded wine premises** from all alternating proprietor hosts and tenants. A diagram is not required from non-alternating applicants, but it is quite helpful during TTB's processing of your application.
- **Alternating Proprietor agreement** or contract, if alternating
- **Lease agreement**, if any.
- **Organizational documents** (articles of incorporation, partnership agreement, etc), as applicable.

27 CFR Part 24
Wine Labeling Topics

- Mandatory Information
- Additional Information
- Prohibited Practices
- EU/U.S. Wine Agreement
- Certificate of Label Approval
- Helpful Hints
- Resources

Compliance Concerns - Labeling

- COLAs don’t match labels
- Wine labeled in wrong tax class
- Records insufficient to support label claims; source records are missing
- Estate bottled claims
Determining Labeling Compliance

• Investigative Techniques
  – Hold an opening conference and interview key personnel to obtain overview
  – Examine production records to determine whether only authorized ingredients are used
  – Check COLA forms from the COLAs Online database against actual labels on bottles and packages on hand

• Investigative Techniques
  – Select samples (bottles of wine) and send them off to one of the TTB laboratories for analysis to determine alcohol content, fill, particulate matter, volatile acids, sulfur dioxide, etc. Compare lab results to labels.
  – Compare Formula and Process forms for formula wines to the winery’s formula wine record required by 27 CFR 24.303.
Determining Labeling Compliance

- **Investigative Techniques**
  - Review production records to ensure that addition of acid, sugar and water are within prescribed limits for Brix adjustment, amelioration and sweetening of wine.
  - Certain varietals are traced from bottling to crush. This is accomplished by analyzing harvest records to make yield determinations.

**Mandatory Information**

Content required for all wine labels.
Mandatory Label Information

On Brand Label
- Brand name
- Class/Type
- Alcohol content
- Appellation (under certain circumstances)

On Any Label
- Bottler’s or importer’s name and address
- Net contents
- Sulfite declaration
- Health warning statement
- Country of origin (imported wine)

Brand Name
- Name under which the product is sold
- If there is no brand name, name of the bottler, packer, or importer as shown on the brand label
- May not create misleading impression
- Must appear on the Brand Label

27 CFR 4.33
Practical Compliance Guidance from TTB for Bonded Wineries

Presented by Mark E. Epps, TTB Investigator 1/11/2013

Kansas Grape Growers and Winemakers 27th Annual Conference, Topeka, KS

Brand Name

Front Label

Back Label

Produced and Bottled By
Paradise Vineyards,
Grace, Missouri

750ml Contains
Sulfites

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.

Standards of Identity

Nine Classes:

- Grape wine
- Sparkling grape wine
- Carbonated grape wine
- Citrus wine
- Fruit wine
- Wine from other agricultural products
- Aperitif wine
- Imitation and substandard or “other than standard” wine
- Retsina wine

27 CFR 4.21
Class and Type

- “Table wine” and “Dessert wine” may appear in lieu of the class designation for grape wine
  - Table wine: 7% – 14% alc/vol
  - Dessert wine: 14.1% – 24% alc/vol
- Truthful and adequate statement of composition must be used in as the designation for most “wine specialty products”

27 CFR 4.34

Class and Type (Cont’d)

- A varietal (grape type) designation may be used under the provisions of 27 CFR 4.23
  - One variety — 75% of content
  - Two or more — percentage of each
  - For domestic wines, only approved grape names can be used (listed in 27 CFR 4.91)
- Must appear on the Brand Label

27 CFR 4.34
Class and Type Designation

Front Label

Champs
Glorieux

Back Label

Produced and Bottled By
Paradise Vineyards,
Grace, Missouri

Contains
Sulfites

750ml

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.

Alcohol Content

- “Table Wine” may be used for wine with 14% or less alcohol by volume
- Alcohol __% by volume
- Alcohol __% to ___% by volume, for ranges
- “Alc.” and “Vol.”
- Tolerances; rounding off
- Must appear on the Brand Label

27 CFR 4.36
TOLERANCES ON ALCOHOL CONTENT

- Tolerances:

  1.5% for wines with 14% or less alcohol by volume; may not cross into the next tax class

  1% for wines with more than 14% alcohol by volume; may not cross into a different tax class

  3% when a range is shown on 14% or less alcohol wines; must be within the stated range

  2% when a range is shown on more than 14% alcohol wines; must be within the stated range

Alcohol Content

Front Label

Champs Glorieux

Produced and Bottled By
Paradise Vineyards,
Grace, Missouri

13% Alc by Vol.

Back Label

Produced and Bottled By
Paradise Vineyards,
Grace, Missouri

750ml Contains Sulfites

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.
Appellation of Origin

- Mandatory if any of the following appear on the label:
  - Grape varietal
  - Vintage date
  - Semi-generic designation
    - Domestic wine, if grandfathered
  - Estate bottled/grown
  - Must appear on the Brand Label

27 CFR 4.25, 4.23, 4.24, 4.26, 4.27

Appellation of Origin (Cont’d)

- Political subdivision:
  - Country
  - State
  - County
  - Foreign equivalent

- Viticultural Area:
  - American Viticultural Areas (27 CFR part 9)
  - Foreign designations and non-generic names (27 CFR part 12)

75%
85%

27 CFR 4.25
Appellation of Origin

Front Label

Champs Glorieux

Produced and Bottled By
Paradise Vineyards,
Grace, Missouri

750ml Contains Sulfites

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.

Back Label

Can also be an AVA

Bottler’s and/or Importer’s Name and Address

• Name or trade name of the bottler/importer as listed on the permit
• Address (city and State) of the bottler/importer as listed on the permit
• “Bottled by” or “Packed by” for domestic wine
• “Imported by” or similar phrase for imported wine
• May appear on any label

27 CFR 4.35
Optional Statements

- Produced by or made by:
  - Named winery fermented not less than 75% of wine or changed the class/type or produced sparkling wine by secondary fermentation at stated address
- Blended:
  - Named winery mixed wine with other wines of same class and type at stated address
- Cellared, vinted, or prepared:
  - Named winery subjected wine to cellar treatments

27 CFR 4.35

Name and Address

Front Label

Champs Glorieux

CHARDONEL
13% Alc by Vol.

OZARK HIGHLANDS

Produced and Bottled By
Paradise Vineyards,
Grace, Missouri

Contains Sulfites

750ml

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.
Net Contents

- Metric standards of fill; authorized sizes per 27 CFR 4.72
- May be on label or etched/blown into the container
- “ml” on containers of less than 1 liter; “L” and decimal portions on containers of one liter or more
- May appear on any label

27 CFR 4.37, 4.72
Sulfite Declaration

- Must declare if 10 ppm or more
- “Contains sulfites”
- Statement may appear on any label
- If less than 10 ppm, may be omitted:
  - Obtain lab analysis
  - Attach analysis to COLA

27 CFR 4.32(e)
Health Warning Statement

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.

May appear on any label

Health Warning Statement (Cont’d)

• The words “GOVERNMENT WARNING” must be in all capital letters and bold type
• The “S” in Surgeon and “G” in General must be capitalized
• Must appear as one statement
• Legible on contrasting background
• Separate and apart
Health Warning Statement

Front Label

Champs Glorieux

CHARDONEL

13% Alc by Vol.

OZARK HIGHLANDS

Back Label

Produced and Bottled By
Paradise Vineyards,
Grace, Missouri

750ml Contains Sulfites

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.

Country of Origin

• U.S. Customs and Border Protection requires a statement of origin on all imported alcohol beverages

• Acceptable formats:
  – Product of Italy
  – Produced by XYZ, Bordeaux, France
  – Made in Spain
  – Australian Wine

• Must be in English
• May appear on any label

CBP Regs; 27 CFR 4.35(b), 4.38(c)
## Type Size Requirements

Brand name, Class/Type, Appellation, Net contents, Name and Address statement, Sulfite declaration

<table>
<thead>
<tr>
<th>Container Size</th>
<th>Minimum Print Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>187ml or less</td>
<td>1mm</td>
</tr>
<tr>
<td>Larger than 187ml</td>
<td>2mm</td>
</tr>
</tbody>
</table>

27 CFR 4.38(b)

## Type Size Requirements (Cont’d)

Alcohol content

<table>
<thead>
<tr>
<th>Container Size</th>
<th>Print Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>5L or less</td>
<td>Not smaller than 1mm</td>
</tr>
<tr>
<td></td>
<td>Not larger than 3mm</td>
</tr>
</tbody>
</table>

27 CFR 4.38(b)
Type Size Requirements (Cont’d)

Health Warning Statement

<table>
<thead>
<tr>
<th>Container Size</th>
<th>Minimum Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>237ml or less</td>
<td>1mm</td>
</tr>
<tr>
<td>Over 237ml up to 3L</td>
<td>2mm</td>
</tr>
<tr>
<td>Over 3L</td>
<td>3mm</td>
</tr>
</tbody>
</table>

Print Size | Characters Per Inch
---|------------------
1mm | 40
2mm | 25
3mm | 12

Additional Labeling Information
Additional Label Information

- Must be truthful, accurate, and specific and not misleading
- May not conflict with or qualify other mandatory information
- Must comply with the corresponding sections of the regulations
- Statements must be substantiated by production records

27 CFR 4.38(f)

Estate Bottled

- 100% grown, produced, and bottled by the bottling winery
- Bottling winery is in the same viticultural area (AVA for American wine) used as the appellation of origin
- Grew all the grapes on land owned or controlled by bottling winery
- Produced all the wine in a continuous process, never leaving the premises

27 CFR 4.26
Vintage Date

- Amount harvested in labeled calendar year:
  - 95% if appellation is a viticultural area
  - 85% if NOT a viticultural area
- Must include an appellation smaller than a country

Vineyard, Orchard, Farm, or Ranch Name

- 95% was produced from material grown on the named vineyard, orchard, farm, or ranch
- If showing multiple vineyards, percentages must be shown and must equal 100%
Organic Labeling

- The National Organic Program (NOP) is administered by the U.S. Dept. of Agriculture (USDA) under 7 CFR Part 205
- Effective October 21, 2002
- Added Subpart K to Part 4 to cross-reference USDA’s NOP rules

27 CFR 4.101

Organic Labeling (Cont’d)

- Must be certified to USDA NOP standards
- Must obtain their USDA-accredited certifying agent’s (ACA) review and approval of organic labels prior to submission to TTB
- For more information visit our Web site www.ttb.gov, click on the WINE tab and look for the “Organic” link under LABELING

27 CFR 4.101
Prohibited Labeling Practices
(prohibited practices for advertising are similar)

Prohibited Practices

- False, untrue, or misleading
- Statements disparaging to competitors
- Obscene or indecent
- Intoxicating qualities or implications that the product contains distilled spirits or is comparable to a distilled spirits product

27 CFR 4.39
Prohibited Practices (Cont’d)

- Statement of age, unless vintage or storage reference
- Misleading or untrue curative and/or therapeutic
- Statements suggesting the product is endorsed by the Government
- Foreign terms
- Geographic brand names

27 CFR 4.39

Domestic Labels
EU/U.S. Wine Agreement
Semi-Generic or Retsina

- EU/U.S. Wine Agreement signed on March 10, 2006
- Semi-generic names listed in 26 U.S.C. 5388(c):
  - Burgundy, Chablis, Champagne, Chianti, Claret, Haute Sauterne, Hock, Madeira, Malaga, Marsala, Moselle, Port, Rhine, Sauterne, Sherry, Tokay
- Retsina is a class of wine, 27 CFR 4.21(i)

Semi-Generic or Retsina (Cont’d)

- Tax Relief and Health Care Act of 2006, signed December 20, 2006
- The law change disallows use of semi-generic names or Retsina on new labels
- Grandfathered labels will be permitted
Semi-Generic or Retsina (Cont’d)

- Grandfather provisions:
  - Semi-generic names and Retsina may continue to be used on labels which were approved prior to March 10, 2006
  - Brand or fanciful name cannot be changed
  - Appellation can be changed
  - Attach copy of the previously approved COLA

Certificate of Label Approval (COLA)
Who Must Apply?

- For domestic wines, the bottler must apply for label approval:
  - Must obtain label approval prior to bottling, and labels must be affixed prior to removal from bonded wine premises
- For imported wines, the importer must apply for label approval:
  - Must obtain label approval prior to removal of wine from U.S. Customs’ custody

COLA Submissions and Forms

- Two ways to submit:
  - Paper application submitted in duplicate
  - Internet-based application through COLAs Online
- Forms available at www.ttb.gov, click on link for Forms:
  - TTB Form 5100.31, for paper application
  - TTB Form 5013.2, for application to access COLAs Online
Practical Compliance Guidance from TTB for Bonded Wineries

Presented by Mark E. Epps, TTB Investigator

Kansas Grape Growers and Winemakers
27th Annual Conference, Topeka, KS

COLAs Online

Welcome to COLAs Online

To begin, please log on.

User Name:

Password:

Log on.

Help with logging on and using COLAs Online - Public COLA Inquiry

How to register for COLAs Online?

To view publicly available information about COLAs (both filed via paper form and online), you may visit the Public COLA Inquiry.

Return to the COLAs Online FAQ page on the TTB internet site.

ELECTRONIC FILING OF WINE LABELS

COMPLETE LIST OF ALLOWABLE COLA REVISIONS

Once a label receives TTB approval, you can make certain changes to that label without obtaining a COLA from TTB. Any revision(s) you make to your approved label(s) must be in compliance with the applicable regulations in 27 CFR parts 4, 5, 7 and 9, and any other applicable provisions of law or regulation, including, but not limited to, the conditions described in the “Comments” section of the chart below.

<table>
<thead>
<tr>
<th>YOU MAY...</th>
<th>REVISION APPLIES TO</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Delete any non-mandatory label information, including text, illustrations, graphics, etc.</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>2. Reposition any label information, including text, illustrations, graphics, etc.</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>3. Change the color(s) (background and text), shape, and proportionate size of labels. Change the type size and font, and make appropriate changes to the spacing (including punctuation marks and abbreviations) of words, as compared with the previously approved label. Whether the text is to appear on an opaque or transparent label or whether the label information is etched, painted or printed directly on the container and vice versa.</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>4. Change the stated percentages for blends of grape-varietals and appellations of origin for wine labels</td>
<td>YES</td>
<td>N/A</td>
</tr>
<tr>
<td>5. Add, change or delete a vintage data for wine labels</td>
<td>YES</td>
<td>N/A</td>
</tr>
<tr>
<td>6. Change the optional “produced on,” “made in,” “sold in,” “vinted,” “aged,” “container,” or “prepared” by statements.</td>
<td>YES</td>
<td>N/A</td>
</tr>
<tr>
<td>7. Add, change or delete the stated amount of acid and/or the pH level for wine labels</td>
<td>YES</td>
<td>N/A</td>
</tr>
<tr>
<td>8. Change the stated amounts of sugar at harvest and/or residual sugar for wine labels</td>
<td>YES</td>
<td>N/A</td>
</tr>
<tr>
<td>9. Add or delete a bonded winery or taxpaid wine bottling house number for wine labels.</td>
<td>YES</td>
<td>N/A</td>
</tr>
<tr>
<td>10. Change the net contents statement</td>
<td>YES</td>
<td>YES</td>
</tr>
</tbody>
</table>

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1/11/2013
EXAMPLES OF ALLOWABLE CHANGES (Front Label)

- Removed lighthouse illustration
- Removed fanciful name “Guiding White”
- Changed shape of label
- Changed color of background & fonts
- Added a vintage date
- Changed alcohol content statement

EXAMPLES OF ALLOWABLE CHANGES (Back Label)

- Removed lighthouse illustration
- Changed shape of label
- Changed color of background
- Changed “Produced by” to “Vinted by”
- Changed the net contents statement
- Changed address within same state
- Added a QR code
- Added a website address
# ALLOWABLE REVISIONS TO COLA LABELS

<table>
<thead>
<tr>
<th>YOU MAY...</th>
<th>REVISION APPLIES TO</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reposition any label information (text, graphics, illustrations, etc.)</td>
<td>WINE YES  DISTILLED YES SPIRITS YES  MALT YES BEVERAGE</td>
<td>But only if reposition complies with any requirements on mandatory information.</td>
</tr>
<tr>
<td>Change the stated percentages for blends of grape varietals &amp; appellations of origin.</td>
<td>WINE YES  DISTILLED N/A SPIRITS N/A  MALT N/A BEVERAGE</td>
<td>The total percentages for each element must equal 100%. A new COLA needed for any changes in names of varietals/appellations.</td>
</tr>
<tr>
<td>Add or delete the bonded winery or TWBH number (BW-KS-XXXXX) on label.</td>
<td>WINE YES  DISTILLED N/A SPIRITS N/A  MALT N/A BEVERAGE</td>
<td>Still must make sure that this number appears in conjunction w/name &amp; address.</td>
</tr>
</tbody>
</table>

# ALLOWABLE REVISIONS TO COLA LABELS (continued)

<table>
<thead>
<tr>
<th>YOU MAY...</th>
<th>REVISION APPLIES TO</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change the mandatory statement of alcohol content, as long as the change is consistent with labeling statements.</td>
<td>WINE YES  DISTILLED YES SPIRITS YES (FMB only)  MALT YES BEVERAGE</td>
<td>Change must not result in change to labeled class or type designation or be inconsistent.</td>
</tr>
<tr>
<td>Change name or trade name to show a different name approved for use.</td>
<td>WINE YES  DISTILLED YES SPIRITS YES  MALT BEVERAGE</td>
<td>Must be approved by TTB for use by that winery; also address changes made to BP.</td>
</tr>
<tr>
<td>Add, delete or change bar codes, QR codes, web sites, phone #s, zip codes.</td>
<td>WINE YES  DISTILLED YES SPIRITS YES  MALT BEVERAGE</td>
<td>See Industry Circular 77-23; for 2D barcodes see advertising regs.</td>
</tr>
<tr>
<td>Add, delete or change opt. info re: awards or medals.</td>
<td>WINE YES  DISTILLED YES SPIRITS YES  MALT BEVERAGE</td>
<td></td>
</tr>
</tbody>
</table>

Presented by Mark E. Epps, TTB Investigator 1/11/2013
Wine Premises Recordkeeping

Records for Every Operation

Bonded Wine Premises

- **RECEIPT**
  - Winemaking Materials 24.315
  - Chemicals, Acids, CO2 24.318-20
  - Received in Bond 24.309

- **CRUSH**
  - Bulk Wine 24.301
  - Effervescent, Formula, Spirits, Nonbeverage, etc.

- **CELLAR OPERATIONS**
  - Taxpaid Wine 24.311
  - Bottled or Packed 24.308; Label Information 24.314

- **BOTTLING**
  - Inventory 24.313
  - Transferred in Bond 24.309

- **REMOVALS**
  - Taxable Removal 24.310
  - Exports 24.292

- **RETURN**
  - Returned to Bond 24.312

Presented by Mark E. Epps,
TTB Investigator
1/11/2013
Compliance Concerns -- Recordkeeping

- Operations are not recorded timely
- Cellar records insufficient to support statements on labels
- Insufficient label information on transfer in bond documents
- Annual inventory not taken, recorded, or reported

Bottled or Packed Wine Record

27 CFR 24.308

- Volume
- Tax Class
- Kind
- Results of Fill and Alcohol Tests required by 27 CFR 24.255
Transfer of Unlabeled Bottled Wine (Shiners)

• Bottler obtains COLA
• Transferred in bond WITH COLA, unless only sent for aging and returned
• May bottle using a “generic” COLA, then obtain and affix another label

Wine Made From KITS
See TTB Wine FAQ #14

• All label statements must be verifiable by TTB examination through original source records
• Materials must be approved by TTB, and used in accordance with TTB regulation limits
• Templates of “personalized labels” may be submitted for COLA approval if these labels do not conflict with brand label
Label Information Record
27 CFR 24.314

Must give **sufficient** information about any wine label claims for verification by TTB examination.

Understanding a Key Form - Reports of Operation

- TTB F 5120.17, *Report of Wine Premises Operations*, is generally filed annually by newer, smaller wineries, but monthly *preparation* of the form is a smart means of regularly reconciling your inventory.
- The front of the form (*Summary of Wines in Bond – Gallons*) has two main sections (*Bulk* and *Bottled*), which each have subsections of activities either increasing or decreasing quantities of wine.
**The Report of Wine Premises Operations – TTB F 5120.17 (top half)**

**INSTRUCTIONS**

1. The reporting period for this form shall be ending the last day of the reporting period. All data entered shall be for plants operated by the person or persons having direct control over the plants and shall be for the period ending May 31, June 30, July 31, August 31, September 30, October 31, November 30, December 31, January 31, February 28 or March 31.

2. Prepare the form in duplicate and file it by the fifteenth day of the month following the end of the reporting period. Keep the copy on your bonded premises. Send the original to TTB at this address:

   Director, National Revenue Center
   Alcohol and Tobacco Tax and Trade Bureau
   200 Constitution Ave., N.W.
   Washington, D.C. 20224

3. Explain any unusual operations in Part II.

4. The report for bonded wineries shall be for bonded inventory figures. Note that the quantity reported for bonded inventory figures, like the "tank" and "vat" data, is for remaining inventories at the end of the period in question. In cases where the form is mailed to TTB officers, send the original to TTB at this address.

5. Fill in all blank entries or entries that apply.

6. All Part I quantities are expressed in U.S. gallons (or "wine gallons").

7. “SECTION A” PERTAINS TO BULK WINE ONLY

---

**SECTION A – BULK WINE**

<table>
<thead>
<tr>
<th>ITEM</th>
<th>NOT OVER 14 PERCENT (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

**REPORT OF WINE PREMISES OPERATIONS - PART 1, SECTION A – BULK WINES**

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**Presented by Mark E. Epps, TTB Investigator 1/11/2013**
The Report of Wine Premises Operations – TTB F 5120.17 (bottom half)

### SECTION A

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bottled Wine On Hand</td>
<td>1,230</td>
</tr>
<tr>
<td>Bottled Wine Newly Bottled</td>
<td>707</td>
</tr>
<tr>
<td>Bottled Wine Removed</td>
<td>1,937</td>
</tr>
<tr>
<td>Bottled Wine Remaining On Hand</td>
<td>1,300</td>
</tr>
</tbody>
</table>

**THE SUM OF BOTTLED WINE ON HAND & THE WINE NEWLY BOTTLED**

### SECTION B

**PERTAINS TO BOTTLED WINE ONLY**

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bottled Wine On Hand</td>
<td>1,230</td>
</tr>
<tr>
<td>Bottled Wine Newly Bottled</td>
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<td>1,937</td>
</tr>
<tr>
<td>Bottled Wine Remaining On Hand</td>
<td>1,300</td>
</tr>
</tbody>
</table>

**THE SUM OF BOTTLED WINE REMOVED & BOTTLED WINE REMAINING ON HAND**

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**REPORT OF WINE PREMISES OPERATIONS - PART 1, SECTION B – BOTTLED WINES**

1. On Hand Beginning of Period
2. Bottled
3. Received in Bond
4. Taxpaid Wine Returned to Bond
5. Inventory Gains
6. 
7. Total
8. Removed Taxpaid
9. Transferred in Bond
10. Dumped to Bulk
11. Used for Tasting
12. Removed for Export
13. Removed for Family Use
14. Used for Testing
15.
16.
17.
18. Breakage
19. Inventory Shortage
20. On Hand End of Period
21. Total

**TTB F 5120.17 (08/2011)**

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Presented by Mark E. Epps,
TTB Investigator 1/11/2013
Compliance Concerns - Reports of Operation

- TTB aids wineries in the completion of this key form by:
  - Personal instruction via phone, seminars or investigations/audits/field visits
  - Online tutorials and Web-based training
  - The Pay.gov electronic filing system
- In the course of a TTB investigation or audit, we reconcile Reports of Operation to tax returns for the audit period and report the results to the proprietor and the TTB National Revenue Center as needed.

Compliance Concerns – Reports

- Forms TTB Form 5120.17 are not timely filed
- Entries on report forms do not balance
- Negative entries
- Bottled wine shortages are not taxpaid
- Claims are not filed for excessive bulk inventory shortages
Practical Compliance Guidance from TTB for Bonded Wineries

Kansas Grape Growers and Winemakers 27th Annual Conference, Topeka, KS

Presented by Mark E. Epps, TTB Investigator 1/11/2013

#1

#2

#3

FORM 5120.17 - REPORT OF WINE PREMISES OPERATIONS

- Record of Bottled and Bottled Wine
- Part II - Imports
- Part III - Bottled Wine
- Part IV - Maturation
- Part V - Fermentation
- Part VI - Report of Wine in Bottles
- Part VII - Wine Received
- Part VIII - Wine Produced
- Part IX - Wine Written Off

* An inventory is required on June 30 for propietary filling Monthly or Quarterly Reports and December 31 if filing Annual Reports.
TTB.gov: Resources

TTB Phone Contact Information

Mark Epps, CFE CICA
TTB Investigator
• 513-684-2645 or mark.epps@ttb.gov
Mountain District Field Office
• 651-290-3905
National Revenue Center
• 877-TTB-FAQS (877-882-3277)
ALFD Customer Service:
• 866-927-2533 or alfd@ttb.gov
KEY TTB ADDRESSES

- **TTB Headquarters**  
  [Alcohol & Tobacco Tax & Trade Bureau]  
  [Office and/or Division]  
  1310 G Street, NW, Box 12  
  Washington, DC  20005

- **TTB National Revenue Center**  
  [Alcohol & Tobacco Tax & Trade Bureau]  
  [Office and/or Division]  
  550 Main Street, Suite 8002  
  Cincinnati, OH  45202

OTHER TTB ADDRESSES

- **TTB Compliance Laboratory**  
  490 N. Wiget Lane  
  Walnut Creek, California 94598

- **TTB Mountain District Field Office**  
  316 North Robert Street, Suite 322  
  St. Paul, MN  55101
The Alcohol and Tobacco Tax and Trade Bureau

Mark Epps – TTB Investigator – St. Louis, MO
513-684-2645

A. Scott Abeyta – TTB Investigator – Kansas City, MO
513-684-2642

Thank you!