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General Alcohol FAQs

Revised: 4/25/03

G1: Can I produce beer, wine or spirits for my personal or family use without paying [Federal excise tax](#) and filing Federal paperwork?

Beer

[Production.](#)
[Removal of beer.](#)

Wine

[Wine for personal or family use.](#)

Spirits

You cannot produce spirits for beverage purposes without paying taxes and without prior approval of paperwork to operate a distilled spirits plant. [See 26 U.S.C. [5601](#) & [5602](#) for some of the criminal penalties.] There are numerous requirements that must be met that make it impractical to produce spirits for personal or beverage use. Some of these requirements are paying [special tax](#), filing an extensive [application](#), filing a [bond](#), providing adequate [equipment](#) to measure spirits, providing suitable [tanks](#) and [pipelines](#), providing a [separate building](#) (other than a dwelling) and maintaining detailed [records](#), and filing [reports](#). All of these requirements are listed in [27 CFR Part 19](#).

Spirits may be produced for non-beverage purposes for fuel use only without payment of tax, but you also must file an [application](#), receive TTB's [approval](#), and follow requirements, such as [construction](#), [use](#), [records](#) and [reports](#).

G2: What are the Federal and State excise taxes imposed on alcohol (spirits, wine or beer)?

[FEDERAL EXCISE TAX](#)

Please note that this does not include Custom duties that may be imposed.

[STATE EXCISE TAX](#)

We cannot guarantee that this information is accurate or has been updated. Check with the appropriate State agency to make sure that you are calculating taxes correctly.

G3: Whom can I contact when I have a complaint or suspect illegal activity by a bar, club, liquor store, restaurant or other business selling beverage alcohol products (spirits, wine or beer)?

With the exception of labeling, advertising and containers, the Alcohol and Tobacco Tax and Trade Bureau does not enforce laws about selling or serving spirits, wine or beer to consumers. Usually, State governments regulate persons selling or serving spirits, wine or beer to consumers. This includes the minimum legal age that a person may sell or serve. Most States have commissions or agencies, which oversee persons and businesses that sell or serve beverage alcohol products. Contact the [appropriate State agency](#) for help in these areas. Also, visit the [Department of Transportation](#) web site about restricting certain funds if a State allows the purchase or public possession of beverage alcohol products under the age of 21.

ACTIVITIES NOT RELATED TO BEVERAGE ALCOHOL PRODUCTS (spirits, wine or beer) - If you have information about illegal activities that do not involve beverage alcohol products (for example, drug sales or prostitution), report this information to the appropriate law enforcement agency. If you have information about illegal activities involving firearms, explosives, arson, or tobacco products, report this

information to the [Bureau of Alcohol, Tobacco, Firearms and Explosives](#).

LABELING, ADVERTISING OR CONTAINERS OF BEVERAGE ALCOHOL PRODUCTS (spirits, wine or beer) - Report this information to the Alcohol and Tobacco Tax and Trade Bureau by [e-mail](#), [telephone](#) or writing to:

Alcohol and Tobacco Tax and Trade Bureau
Alcohol Labeling and Formulation Division
1310 G Street, NW, 4th Floor
Washington, DC 20220

TRADE PRACTICES BETWEEN BUSINESSES SELLING OR PURCHASING BEVERAGE ALCOHOL PRODUCTS (spirits, wine or beer) - Report this information to the Alcohol and Tobacco Tax and Trade Bureau by e-mail, telephone or writing to:

Alcohol and Tobacco Tax and Trade Bureau
Alcohol Labeling and Formulation Division
1310 G Street, NW, 4th Floor
Washington, DC 20220

G4: What must I do if I want to start a business that sells or imports beverage alcohol products (spirits, wine or beer)?
The Alcohol and Tobacco Tax and Trade Bureau requires retailers of beverage alcohol products to register, pay special tax and maintain certain records.

Wholesalers and importers of beverage alcohol products must also register, pay special tax and maintain certain records. In addition, wholesalers and importers must obtain a permit and follow more requirements.

If you would like the TTB forms and additional information to retail, wholesale or import beverage alcohol products, contact the National Revenue Center, 550 Main St., Cincinnati, OH 45202, by calling 1-800-398-2282 or by e-mail at ttbquestions@ttb.treas.gov.

There are state agencies that have separate requirements for the sale of beverage alcohol products. In addition, certain states restrict who may bring in beverage alcohol products into their jurisdictions and require permits or licenses to sell and transport beverage alcohol products. A [list](#) of these agencies is available from this web site.

G5: What is required to sell beverage alcohol products (spirits, wine or beer) on the Internet?
The Alcohol and Tobacco Tax and Trade Bureau (TTB) issued a [Ruling](#) concerning direct shipments and sales that includes sales transacted on the Internet. You are still subject to the same TTB requirements for selling spirits, wine or beer. In addition, you also need to contact the appropriate [state government agencies](#) where you and your purchaser are located. Ask whether you need licenses or permits and who needs to pay any taxes and what other requirements may apply.

G6: Does TTB have information or studies about the effects of consuming alcohol?
The Alcohol and Tobacco Tax and Trade Bureau does not normally conduct studies or maintain information about alcohol consumption because we do not enforce laws or regulations relating to the effects from consuming alcohol. The Bureau has [regulations about labeling and advertising](#) and is committed to preventing consumer deception in beverage alcohol products.

There are several Federal web site addresses that may be beneficial:
<http://www.whitehouse.gov>; <http://www.dhhs.gov>; <http://www.samhsa.gov>;
<http://www.usdoj.gov>; <http://www.fhwa.dot.gov>, and ; <http://www.nhtsa.dot.gov>.

You can also contact the [National Institute on Alcohol Abuse and Alcoholism](#), 6000 Executive Blvd., Bethesda, MD 20892-7003 (301-443-3860).

Also, you may want to contact industry associations that represent beverage alcohol

products industries. For example, from the Internet you should be able to reach the [Wine Institute](#), the [Distilled Spirits Council of the United States](#), and the [Beer Institute](#).

G7: How does TTB change its regulations?

TTB's [Regulations and Procedures Division](#) is responsible for changing [TTB regulations](#). Changes come from three sources: law changes, internal suggestions, and petitions from the public, but all changes are handled alike. Regulations and Procedures Division drafts a "notice of proposed rulemaking." We use the notice of proposed rulemaking to inform the public about the proposed change and allow an opportunity for the public to comment. TTB and Treasury Department officials review the notice and approve it for publication. In rare cases, mainly for law changes with a short deadline, we publish a temporary regulation and a notice of proposed rulemaking at the same time.

Like all Federal agencies, TTB publishes official notices of its actions in the [Federal Register](#). The [Federal Register](#) is published daily, on paper and online, by the Government Printing Office. When you access the [Federal Register online](#), you can search by subject or use their browse feature to view the Table of Contents of any daily issue.

To assure people know about proposed changes, TTB sends press releases to publications that serve the industry groups who might be affected by the change. In addition, we place copies of our notices on the [TTB web site](#).

We generally allow 60 days for comments, but we may extend that period or hold hearings if a proposal is complex. During the comment period, anyone may comment on a notice of proposed rulemaking by mail, fax or e-mail. We do ask that people support their comments with statistics or other appropriate evidence rather than just expressing a preference.

At the close of the comment period, we analyze all the comments we received and decide how to proceed. Based on the comments, we might withdraw a proposal, issue another notice with an amended proposal, or we might formulate a final rule, also known as a Treasury decision. Again, the Regulations and Procedures Division drafts the document, but TTB and Treasury Department officials review the document and approve it for publication.

When we publish a final rule, we usually allow 60 days between the publication of the final rule and the effective date. For some changes to the rules, we may allow a longer transition period. The final rule amends TTB's regulations, which are published as Chapter I of Title 27 of the Code of Federal Regulations ([27 CFR](#)).

If you want to petition for a change in the regulations, follow the instructions in [27 CFR 70.701](#). Send your petition to the [Regulations and Procedures Division](#).

G8: Can a business get back the tax money from alcohol or tobacco if the product is destroyed in a disaster such as a fire, earthquake, flood, or tornado?

Under certain circumstances, the tax money may be refunded for alcohol and tobacco products. See TTB Information sheet [I 1200.68 \(8-2000\)](#). Go to [claim form](#).

G9: I do not run a bar or liquor store, but sometimes I include alcohol beverages with my product or service. Do I owe Special Occupational Tax (SOT) as a liquor dealer?

Maybe. For example, if you:

- operate a limousine service and serve complimentary drinks to passengers,
- sell gift baskets that include wine, or
- run a bed-and-breakfast and serve complimentary drinks to guests in the afternoon, you may owe special tax.

If you make a separate charge for the alcohol beverage (or if you charge different prices for your product or service with and without the alcohol beverage) you are definitely a liquor dealer and you owe special tax.

If you have any state or local license that authorizes your business to sell beverage alcohol products, your business is subject to SOT.

Even if you do not make a separate charge or have a state or local liquor license, if the complimentary alcohol beverage is always included in the product or service, or if you advertise that your product or service includes a complimentary alcohol beverage, you owe SOT as a dealer. If an alcohol beverage is presented as "complimentary" to clients who pay for particular product or service, we consider the cost as built into the charge for the product or service. If you provide alcohol beverages to most of your customers, but a particular customer declines to accept the alcohol beverage or if certain customers may not be lawfully served, we will still consider you to be engaged in the business of selling or offering beverage alcohol products for sale.

A true complimentary or gift situation, where a business that serves alcohol beverages is not subject to SOT, is likely to be a rare situation.

If you have questions about whether your business owes SOT for distribution of alcohol beverages, contact the TTB National Revenue Center at 1-800-937-8864 or 1-513-684-2979. We will consider the nature of the business, the manner of operation and the advertising of the business to determine if the intent is to "sell" alcohol beverages.

G10: Can a student make alcohol as part of a science fair project?

Well, under current law and regulations, we cannot allow you to conduct experiments involving distillation of alcohol at your home.

As an alternative, Federal law allows us to issue a permit for an alcohol fuel plant, or AFP. Under this type of permit, experiments with alcohol fuels can be conducted at locations properly qualified with TTB.

Here's what has to be done:

- An authorized representative of your school (a teacher or other school official) must complete and forward an application form 5110.74 to us to establish a small AFP at your school.
- The experiment must be conducted at your school under appropriate adult supervision.
- The school official must tell us how long the experiment will last. They may allow for additional time in case your experiment is selected for additional competition or display at a regional or area science fair. And,
- The school official must describe the adult supervision that will be provided. We require this because we are concerned about the safety of children handling hazardous materials and using distillation equipment with alcohol-even with adult supervision.

These steps apply primarily to students who are in elementary through high school. Make sure your application is filed as soon as possible to allow enough time for us to process it. You cannot begin the experiment until we issue you a permit.

Application form 5110.74 and additional information are available from the Alcohol and Tobacco Tax and Trade Bureau, National Revenue Center, Spirits Unit A, 550 Main Street, Room 8002, Cincinnati, OH 45202-3263, 1-800-398-2282 or (513) 684-7150, ttbquestions@ttb.treas.gov.

G11: I want to open a business that sells beverage alcohol products at retail such as a bar, catering service or carryout, how do I get a license and will I owe any Federal Tax or Fees?

If you sell beverage alcohol as part of your business, you must pay an annual special occupational tax. Beverage alcohol means distilled spirits, wine, beer, mixed drinks, and beer or wine coolers. This tax applies to persons who sell on or off premises or who provide alcoholic beverages as part of the cost of an item or service. You may owe this tax even when you will not make a profit or when you are exempt from income tax. We have a [list of businesses](#) that may be subject to this tax.

The TTB does NOT issue a license to sell tobacco or beverage alcohol products at retail. You must contact your [State](#) or local licensing authority to obtain a retail license.