



STATE OF CONNECTICUT
DEPARTMENT OF REVENUE SERVICES

SN 2005(6)

25 Sigourney Street
Hartford CT 06106-5032

SPECIAL NOTICE

**2005 Legislation Affecting the
Direct Shipment of Wine to State Residents**

Purpose: This Special Notice describes 2005 legislation authorizing, under certain conditions described in this Special Notice, the direct shipment of wine to consumers and to retailers in Connecticut.

Effective Date: Effective July 13, 2005.

Statutory Authority: Conn. Gen. Stat. §§30-16(e), 30-18, 30-18a, 30-19f, 30-48(a) and 12-436(b) as amended by 2005 Conn. Pub. Acts 274.

Definitions: As used in this Special Notice:

- **DRS** means the Department of Revenue Services.
 - **DCP** means the Department of Consumer Protection, Liquor Control Division.
 - **Permit holder** or **holder** means any person who holds one of the following permits issued by DCP: a manufacturer permit for farm winery under Conn. Gen. Stat. §30-16(e); an out-of-state shipper's permit for alcoholic liquor other than beer under Conn. Gen. Stat. §30-18; or an out-of-state winery shipper's permit for wine under Conn. Gen. Stat. §30-18a.
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Direct Shipment of Wine to Connecticut Consumers: A permit holder may ship wine directly to consumers located in Connecticut if the holder meets the following conditions:

- (1) The holder is responsible for ensuring the shipping labels on all containers of wine shipped directly to a consumer in this state conspicuously state: "CONTAINS ALCOHOL – SIGNATURE OF A PERSON AGE 21 OR OLDER REQUIRED FOR DELIVERY";
- (2) The holder is responsible for obtaining the signature of a person age 21 or older at the address prior to delivery, after requiring the signer to demonstrate that he or she is age 21 or older by providing a valid motor vehicle operator's

license or a valid identity card described in Conn. Gen. Stat. §1-1h;

- (3) The holder may not ship more than five gallons of wine in any 60-day period to any person in this state and not ship any wine until the holder is registered with DRS, with respect to the holder's sales of wine to consumers in this state, for purposes of the sales and use taxes and alcoholic beverages tax;
- (4) The holder pays to DRS all sales taxes and alcoholic beverage taxes due on sales of wine to consumers in this state and files all sales tax returns and alcoholic beverage tax returns relating to the sales with the amount of the taxes to be calculated as if the sale were in this state at the location where delivery is made;
- (5) The holder reports to DCP a separate and complete record of all sales and shipments to consumers in this state on a ledger sheet or similar form which readily presents a chronological account of the holder's dealings with each consumer;
- (6) The holder agrees to allow DCP and DRS, separately or jointly, to perform an audit of the holder's records upon request;
- (7) The holder agrees not to ship to any address in this state where the sale of alcoholic liquor is prohibited by local option under Conn. Gen. Stat. §30-9, which currently includes addresses in the towns of Bridgewater, Eastford, and Roxbury. An updated list of towns where the sale of alcoholic liquor is prohibited by local option can be obtained by contacting DCP at 860-713-6205;
- (8) The holder agrees to hold an in-state transporter's permit issued by DCP under Conn. Gen. Stat. §30-19f, as amended by 2005 Conn. Pub. Acts 274, or make any shipment through the use of a person who holds an in-state transporter's permit; **and**
- (9) By signing the declaration on **Addendum D, Alcoholic Beverages Tax**, to **Form REG-1, Business Taxes Registration Application**, the permit holder consents to the jurisdiction of this

state, its agencies, and instrumentalities, and the courts of this state concerning the enforcement of 2005 Conn. Pub. Acts 274 and any related laws, rules, or regulations, including, but not limited to tax laws, rules, or regulations.

Connecticut Law Does Not Govern Direct Shipment of Wine to Persons in Other States:

While 2005 Conn. Pub. Acts 274 authorizes the direct shipment of wine by a permit holder to consumers located in Connecticut, the question of whether the holder may ship wine to persons (including consumers) in other states is governed by the laws of those states and not by Connecticut law. Connecticut law neither authorizes nor prohibits the shipment of wine to persons (including consumers) in other states by a permit holder.

Sales and Direct Shipment of Wine to Connecticut Retailers:

A permit holder may make sales and ship wine manufactured by the holder directly to retailers located in Connecticut only if the holder produces not more than 100,000 gallons of wine per year and the wine is shipped in the original sealed containers of not more than 15 gallons per container. The sales of wine by a permit holder to retailers located in Connecticut are subject to the alcoholic beverages tax. The sales of wine by a permit holder to retailers located in Connecticut are not subject to sales and use tax if the permit holder obtains a sales and use tax resale certificate from the retailer.

Restrictions Imposed on Consumers on the Importation of Alcoholic Beverages:

- Conn. Gen. Stat. §12-436(b)(2)(B)(i) restricts the importation of alcoholic beverages purchased by a consumer in Connecticut *from within the territorial limits of the United States* to five gallons in any 60-day period for the consumer's own consumption.
- Conn. Gen. Stat. §12-436(b)(2)(B)(ii) restricts the importation of alcoholic beverages by a consumer in Connecticut *from outside the territorial limits of the United States* to five gallons in any 365-day period.
- Conn. Gen. Stat. §12-436(b)(2)(B)(iii) restricts the importation of alcoholic beverages by an individual who has resided outside the United States for a period of six months or more, in conjunction with the return of the individual's personal and household goods and effects upon termination of his or her foreign residency, to 100 gallons of wine (no more than 20 gallons of

which shall be the same brand) and ten gallons of spirits (no more than two gallons of which shall be the same brand).

- Conn. Gen. Stat. §12-436(b)(3) restricts the bringing of alcoholic beverages into Connecticut by an individual to four gallons. ***Bringing alcoholic beverages into Connecticut*** by an individual means the individual purchased or was given the alcoholic beverages outside Connecticut and personally carried them into Connecticut, or transported them into Connecticut in a motor vehicle that the individual was driving, or if the individual was returning by air, rail, bus, or water to Connecticut, placed them in the individual's luggage that was returning with the individual to Connecticut. ***Bringing alcoholic beverages into Connecticut*** does not mean an individual having alcoholic beverages shipped to him or her.

See **Informational Publication 2000(15)**, *Bringing or Importing Alcoholic Beverages into Connecticut*, for more information.

Registering Out-of-State Permit Holders:

Persons who wish to sell and ship wine to consumers or retailers in Connecticut must first obtain the appropriate described permit from DCP, before registering with DRS. For more information about obtaining the appropriate described permit, call DCP at 860-713-6205.

In order to register with DRS, a permit holder must submit a completed **Form REG-1**, *Business Taxes Registration Application*, together with **Addendum D**, *Alcoholic Beverages Tax*. There is a \$50 fee payable at the time of registration to register for a Sales and Use Tax Permit.

Out-of-State Permit Holders Deemed to be Making Sales in Connecticut for Sales Tax and Alcoholic Beverage Tax Purposes:

Permit holders whose permit premises are out-of-state are, when shipping wine directly to consumers located in Connecticut, deemed to be retailers in Connecticut, and are required to apply for and be issued a Sales and Use Tax Permit. They are required to file **Form OS-114**, *Sales and Use Tax Return*, for each taxable period. They are also deemed to be distributors for purposes of the alcoholic beverage tax and are required to be licensed as such. They are required to file **Form O-255**, *Wholesale Alcoholic Beverage Tax Return*, each month.

- The term ***out-of-state*** means any other state, territories, or possessions of the United States,

including Washington D.C. or Puerto Rico, but not including any foreign country.

Bond Requirements for Alcoholic Beverage

Tax Purposes: Before issuing any distributor's license for alcoholic beverage tax purposes, DRS will require the permit holder to file either a surety bond or a cash bond. If the permit holder operates a winery and produces not more than 100,000 gallons of wine at the holder's permit premises, the amount of the bond is \$500; otherwise, the amount of the bond is \$2,000. The applicant must contact the DRS Registration Unit at 860-297-4895 to obtain **Form OR-131, Surety Tax Bond**, or to obtain information about the posting of a cash bond.

Effect on Other Documents: None affected.

Effect of This Document: A Special Notice announces a new policy or practice in response to changes in State or federal laws or regulations or to judicial decisions. A Special Notice indicates an informal interpretation of Connecticut tax law by the (DRS).

For Further Information: Call DRS during business hours, Monday through Friday:

- **1-800-382-9463** (in-state), or
- **860-297-5962** (from anywhere)

TTY, TDD, and Text Telephone users only may transmit inquiries anytime by calling 860-297-4911.

Forms and Publications: Forms and publications are available anytime by:

- **Internet:** Preview and download forms and publications from the DRS Web site at **www.ct.gov/DRS**
 - **DRS TAX-FAX:** Call **860-297-5698** from the handset attached to your fax machine and select from the menu. Only forms (not publications) are available through TAX-FAX.
 - **Telephone:** Call **860-297-4753** (from anywhere), or **1-800-382-9463** (in-state) and select **Option 2** from a touch-tone phone.
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Paperless Filing Methods (fast, easy, free, and confidential):

- **For business returns:** Use *Fast-File* to file sales and use taxes, business use tax, room occupancy tax, estimated corporation business tax, business entity tax, or withholding tax returns over the Internet. Visit the DRS Web site at **www.ct.gov/DRS** and click on *File/Register OnLine*.
 - **For resident income tax returns:** Use *WebFile* to file personal income tax returns over the Internet. Visit the DRS Web site at **www.ct.gov/DRS** and click on *File/Register OnLine*.
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