

The Compliance Corner

By Mary Beth Williams

Barrel Tastings

The issue of barrel tastings keeps coming up, so let's get some clarification on the issue. Wine can be served, but not sold, from carafes and decanters, so it can be poured from the barrel into a container less than 52 oz and then poured into customers' glasses from there.

If there is any fee associated with the tasting, then it is considered a sale of wine, rather than just service of wine. All wine SOLD must come from an original approved container. This would include tastings offered as part of a paid barrel tasting dinner or part of an event where an admission was charged, in addition to any situation where a tasting fee is charged. The best way to think of it is that if the tasting is only available to people who have paid any kind of fee, the wine is considered SOLD instead of just served. The VWA and VWC proposed regulatory changes that would exempt barrel tastings from the original approved container requirement, but in the meantime, you have a few options on how to get around this roadblock at this point: 1) get a COLA/label approval on the barrel itself; 2) get a COLA/label approval specifically used for the barrel tastings; or 3) if the wine is one for which you already have a COLA (ie. a new vintage of an existing product)/label approval, you can print labels (so long as the changes to the label are consistent with the allowable changes - see last Compliance Corner for guidance) and sell it under the existing label approval. Options 2 and 3 have become more viable with the expanded list of label changes allowed without needing a new COLA.

It's important to note that state excise and sales/use tax is due on all wine used in barrel tastings. Tastings done on site are exempt from federal tax, but make sure you keep track of the amount of wine used for tastings so that it can accurately reflected on your federal and state reports.

Mary Beth Williams is the President of Williams Compliance, a compliance services provider based in Hanover County, Virginia. For more information, contact Mary Beth at Marybeth@williamscompliance.com or (804) 445-2924.