

Tax and Trade Bureau

Liquor Laws & Regulations for Retail Dealers

Please note that recent legislation has suspended the tax on retail and wholesale dealers, importers and manufacturers of beverage alcohol products beginning with the 2006 tax year that starts July 1, 2005. [Read FAQs regarding the suspension.](#) You will still be required to register by filing the Form TTB F 5630.5 and reporting the tax liability as zero. If you begin business before July 1, 2005 you are still liable for the tax on a prorated basis. An updated publication should be coming out soon.

Forward

To all Retail Dealers of Distilled Spirits, Wine or Beer:

This publication will explain the principal Federal liquor laws and regulations that affect you. Its purpose is to help you conduct your business in compliance with the law and regulations.

You should read the entire text and retain it or bookmark it for further reference. Later, when you have a particular question, you will find the answer by using the Table of Contents.

If you need more specific or detailed information, you may obtain copies of the complete regulations, Title 27 CFR (which includes Part 194, Liquor Dealers) by visiting [TTB's website](#) at www.ttb.gov. Copies of the CFR are available for viewing by going to <http://www.access.gpo.gov/cgi-bin/cfrassemble.cgi?title=200527> or you can visit <http://ecfr.gpoaccess.gov/> for an electronic version of the CFR.



Please feel free to contact TTB's National Revenue Center concerning any of the requirements that may not be clear to you. For your convenience, the mailing address and telephone number of the National Revenue Center are listed on the final page of this publication.

John Manfreda
Administrator,
Tax and Trade Bureau

Liquor Laws and Regulations for Retail Dealers

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1. General ([Contents](#))

Retail dealers of distilled spirits, wine or beer must comply with certain requirements of federal laws and regulations. Failure to comply with these requirements carries severe penalties and renders the dealer liable to criminal prosecution. This publication summarizes the more important provisions of federal laws and regulations applicable to retail dealers.

2. Retail Dealers Must Register with TTB ([Contents](#))

Although the special tax for retail dealers has been repealed, every retail dealer is still required to file a special tax registration and return (TTB Form 5630.5) as a registration, showing the tax due as \$0. The form is available online at <http://www.ttb.gov/forms/f56305.pdf> or you may call (800) 937-8864 for forms and information.

3. Requirement to Amend Registration ([Contents](#))

You must amend your registration if you move your place of business or if there is a change in ownership or control of the business.

4. Requirements on Retail Dealers Who Sell to Other Dealers ([Contents](#))

- (a) Registration as wholesale dealer - A retail dealer becomes a wholesale dealer when selling distilled spirits, wine or beer to another dealer other than a limited retail dealer. Under law, a retailer who sells or offers for sale distilled spirits, wine or beer in quantities of 20 wine gallons (75.7 liters) or more to the same person at the same time is presumed to be engaged in business as a wholesale dealer.

The seller may overcome this presumption only by furnishing satisfactory evidence that the sale was made to a person who is not a dealer.

- (b) Permit requirements - Retail dealers may not sell any distilled spirits, wine or beer to another dealer for purposes of resale until they obtain a wholesaler's basic permit under the Federal Alcohol Administration Act. Persons who violate any of the permit requirements of the Act become liable to penalties. Forms on which to apply for permits may be obtained from TTB's National Revenue Center listed on the final page of this publication, for use by dealers who intend to conduct business.

5. Closures on Bottles of Distilled Spirits

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Distilled spirits plants and importers are required to securely affix a tamper-evident closure or similar device to all bottles or other containers of distilled spirits. This would apply to bottles of whiskey, gin, rum, brandy, vodka, cordials containing distilled spirits, and all other similar liquors. The closure must be a type that is broken when the container is opened, leaving a portion of the closure on the container. Products may be closed with a proprietary paper seal, metal roll-on, plastic pilfer-proof cap, lead foil capsule with zip tab, cello-seal with zip tab, strip stamp or similar device. Retailers, who receive liquor bottles without the required closures, or with broken closures, should report these containers to a TTB officer.

6. Refilling, Reusing and Disposing of Liquor Bottles

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- (a) Refilling or reusing liquor bottles - Any retail dealer, or agent or employee of such dealer, who refills any liquor bottle with distilled spirits, or who reuses any liquor bottle by adding distilled spirits or any substance (including water) to the original contents is subject to a fine of not more than \$1000 or imprisonment for not more than 1 year, or both.
- (b) Disposition of liquor bottle - The possession of used liquor bottles by any person other than the one who emptied the contents thereof is prohibited, except that this prohibition shall not:
 - (1) prevent the owner or occupant of any premises on which such bottles have been lawfully emptied from assembling the same on such premises
 - (i) for delivery to a bottler or importer on specific request for such bottler or importer;
 - (ii) for destruction either on the premises on which the bottles are emptied or elsewhere, including disposition for purposes which will result in the bottles being rendered unusable as bottles; or

- (iii) in the case of unusual or distinctive bottles, for disposition as collectors' items or for other purposes not involving the packaging of any products for sale;
- (2) prevent any person from possessing, offering for sale, or selling such unusual or distinctive bottles for purposes not involving the packaging of any product for sale; or
- (3) prevent any person from assembling used liquor bottles for the purpose of recycling or reclaiming the glass or other approved liquor bottle material.

Any person possessing liquor bottles in violation of law or regulations is subject to a fine of not more than \$1000, imprisonment for not more than 1 year, or both.

7. Prohibited Purchases of Distilled Spirits

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Retail dealers may purchase distilled spirits only from wholesale dealers who are required to keep records under section 5114 of the Internal Revenue Code of 1986 (26 U.S.C. 5114) or from (a) proprietors of distilled spirits plants; (b) administrators, executors, or receivers in bankruptcy who are disposing of assets; and (c) dealers who are going out of business and selling their entire stock. A dealer who makes prohibited purchases of distilled spirits is subject to a fine of not more than \$1000, imprisonment for not more than 1 year, or both. [This prohibition will end on July 1, 2008.]

8. Required Records

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All retail dealers must either keep a record in book form showing the date and quantity of all distilled spirits, wine and beer received on their premises, and from whom received, or keep all invoices of, and bills for all distilled spirits, wine or beer received. Also, every retail dealer is required to keep a record of sales of distilled spirits, wine or beer in quantities of 20 wine gallons or more to the same person at the same time, which shows (a) the date of sale, (b) name and address of purchaser, (c) kind and quantity of liquors sold and (d) the serial numbers of any full cases of distilled spirits in the sale. A dealer who, with fraudulent intent, fails or refuses to keep the required records, is subject to a fine of not more than \$10,000 and imprisonment for not more than 5 years, and a dealer who, without fraudulent intent, fails to keep the required records is subject to a fine of not more than \$1000, imprisonment for not more than 1 year, or both.

9. Inspection by Alcohol and Tobacco Tax and Trade Officers

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A retail dealer's place of business and the stock of liquors are subject to inspection by TTB officers having proper credentials. The TTB officers are authorized to examine

records and to accept tender of offers in compromise of liability arising from a violation of Federal liquor laws. The TTB officer will issue a receipt to a dealer for any type of remittance received if the dealer requests a receipt.

If any dealer forcibly rescues any liquor or other property seized by a TTB officer, or attempts to do so, he is subject to a fine of either not more than \$500 or double the value of the property rescued, whichever is greater, or imprisonment for not more than 2 years. Any retailer who forcibly obstructs or attempts to obstruct a TTB officer in the performance of his duties is subject to a fine of not more than \$5000 or imprisonment for not more than 3 years, or both, except that if the offense is committed only by threats of force, the person convicted thereof shall be fined not more than \$3000 or imprisoned for not more than 1 year, or both.

For further information, contact:

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