

Electronic Filing Pilot Begins

By Tom Stewart (202) 927-8220

This article is an update from a previous newsletter article on our electronic filing project. ATF received its first electronic filing and associated payment, using the Alcohol and Tobacco Excise Tax Form, ATF F 5000.24, on 10/26/00. The pilot was conducted with a single tobacco products manufacturer. The taxpayer was able to pay the tax using an Automated Clearing House (ACH) debit transaction, which ATF was able to track in our financial system. Despite several problems encountered during the initial filing, the taxpayer was very satisfied with the process and expressed great interest in continuing to pilot the program. ATF and Treasury's Financial Management Service, who is developing this electronic filing system, are working to correct the problems. It is anticipated that the problems identified by the first test project will be corrected in time for the first excise tax filing period in January 2001. At that time, four additional tobacco manufacturers will participate in the electronic filing pilot project. ATF plans to have the capability to accept the electronic filing and payment of alcohol and tobacco excise taxes by the end of 2001. □

Rockpile Petition

By Nancy Sutton (415) 744-7011

The Rockpile Appellation Committee petitioned ATF to establish the Rockpile American Viticultural Area (AVA). The petition describes a unique grape-growing area in a small part of northwest Sonoma County, California. "Rockpile" has favorable

grape-growing conditions and features:

- about 14,000 acres at elevations above 800'
- areas of small rock and gravel mixed in the topsoil with some outcroppings of larger rock
- well-drained soil and a generally sunny climate.

ATF is evaluating the petition. We'll let you know if we propose this AVA in the *Federal Register*. □

More Paperwork Elimination Through GPEA

By Lisa Gesser (202) 927-8210

The Congress is encouraging government agencies to eliminate paperwork. On October 21, 1998, the President signed the Government Paperwork Elimination Act (GPEA). This law requires us to give you the option to use information technology to deal with us. By October 21, 2003, whenever it is practical, we must permit you to use computers and electronic systems instead of paper to maintain, submit, or disclose formation, when practicable. We're working hard now to achieve that goal and to have our systems ready to accept your input, reports, notices, applications, and other documents that we require you to give to us. We're also working to draft regulations to give you an option to file electronic versions of required ATF forms and tax returns. You'll hear more from us as these projects develop. □

40-Year Old Export Regulations to Retire

By Bill Foster (202) 927-8210

So, you want to export your products but the red tape is bewildering and you can't stand the hassle? Regulations Division is working on a project to propose new rules to replace Part 252-Exportation of Liquors. These regulations were published in 1960 and revised in 1975. We intend to:

- Streamline requirements and align Government business interests and objectives with commercial business requirements.
- Use systems of commercial records to replace specific Government forms and records—we'll consider whether to use the records you already make rather than requiring you to make a record just for us.
- Replace the existing paper-intensive documentation and reporting with electronic reporting.
- Liberalize the requirements for proof-of-export documentation.
- Develop a single set of requirements for alcoholic beverages.

Our goal is to protect the Government's interests and revenues while enhancing your ability to compete effectively and efficiently in the export market. We will propose new rules in a new Part 28. Look for updates in this newsletter. Please comment when we publish in the *Federal Register*. □

New Wine Tax Guide on the Web

By Wine Industry Analyst Perky Ramroth

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A new guide to wine excise tax is available on ATF's website <http://www.atf.treas.gov>. After accessing the website, the "Quick Reference Guide to Wine Excise Tax" may be found by clicking on "Alcohol" and then "FAQs" (Frequently Asked Questions). Users will find twenty questions and answers about the payment of wine excise tax and the Small Winery Tax Credit. For further information, contact the National Revenue Center Wine Unit at (513) 684-3334. □

Requirements for Paying Federal Excise Tax By Electronic Fund Transfer **TAX**

By Betty Oldiges and Sharon Gevedon (513) 684-3334

Alcohol and Tobacco excise taxpayers who are liable during any calendar year for a **gross** amount (tax due prior to decreasing adjustments) of \$5 million or more in excise taxes must pay such taxes during the following year by Electronic Fund Transfer (EFT). This includes taxes imposed on distilled spirits, wines, or beer, or on tobacco products and cigarette papers and tubes. This requirement does not apply to taxpayers who are only liable for firearms and ammunition excise taxes, although they may voluntarily pay by EFT.

The term "taxpayer" includes a controlled group of business entities as defined in Title 28, United States

Code, Sections 5061(e)(3) and 5703(b)(3). Therefore, if in any calendar year, the combined liability of the controlled group is \$5 million or more, then during the following calendar year, each member of the controlled group is required to pay the applicable excise taxes by EFT.

Any taxpayer who is required to make tax payments by EFT may not use cash, check or money order to make such payments. Doing so will subject the taxpayer to the failure to make deposit penalty imposed by 26 U.S.C. 6656.

The \$5 million threshold applies separately to the tax on distilled spirits products, wine products and beer products. However, it does apply to a combined tax liability on tobacco products and cigarette papers and tubes.

When a taxpayer who is not already making tax payments by EFT reaches the \$5 million threshold, the Chief, National Revenue Center must be notified, in writing, of that fact. The notice will constitute an agreement to make tax payments by EFT.

The written notification is due on or before January 10 of the year in which the taxpayer is required to begin using EFT and should identify each of the taxpayer's premises that are required to make tax payments by EFT. Each location should be identified by name (as it appears on the tax returns), registry or plant number, plant address and employer identification number. Taxpayers already using EFT are not required to notify the Chief, National Revenue Center of their continued use of EFT in succeeding years.

Additional information about the requirement to pay excise taxes by EFT and about preparing Fedwire messages for payments made in connection with ATF tax returns should be directed to the Chief,

National Revenue Center at 513-684-3334 or 1-800-398-2282. □

ALFD's Open House a Success



By Marcia Heath (202) 927-8140

The Alcohol Labeling and Formulation Division's Open House can officially be considered a huge success. On November 6, 2000, over 50 industry members gathered to hear presentations given by several representatives of the Office of Alcohol and Tobacco. Topics of interest, such as E-filing, Health Warning Statement, Flavored Wine Products and Aggregate Packaging were presented, and the industry was afforded the opportunity to discuss issues openly. The goals of this Open House were to provide updates on pending projects, to familiarize industry with the organization and personnel of the Office of Alcohol and Tobacco, to create a forum for the industry to feel comfortable with ATF, and to facilitate communication. It is anticipated that we will host future open houses once or twice a year.



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Questions or suggestions relating to the Alcohol & Tobacco Newsletter should be directed to the Editor by fax at (202) 927-5611 or by mail at the following address: Bureau of ATF, 650 Massachusetts Avenue, NW, Room 8110, Attention: Donna Smith, Editor, Alcohol & Tobacco Newsletter, Washington, DC 20226.