

2009 TTB Expo Presentation

Brewery Records, Reports, and Taxes Made Understandable

Presented by

Valerie Bushman and Melissa Keller

National Revenue Center



Overview

- Requirements for maintaining required records
- Process for correctly filing reports (Forms 5130.9 and 5130.26) and tax returns

References

- 26 U.S.C. 5051 – 5056, and 5401 – 5418
- 27 CFR 25 – Beer
- Subpart K – Tax on Beer
- Subpart U – Records and Reports

Record System

- Brewers are required to maintain some type of reporting system which captures information about operations that occur throughout brewery

Record System Purpose

- Report of Operations
- Tax Return

Record System Components

- Daily Records
- Summary Records

Types of Records

- Very few records have required format, but there is required information; it is up to each brewery to create records that work for their operation, so long as necessary information is recorded
- Records may be individual invoices, computer-generated summaries, required forms (monthly reports and tax returns)

Some Basics

- Transactional entries must be made by close of next business day
- Photocopies of original records are treated as originals

Some Basics (Continued)

- Data-processed records may be retained on equipment off brewery premises if:
 - Original source documents are at brewery,
 - Data are retrievable within 5 days, and
 - Necessary program is made available

Some Basics (Continued)

- Records need to be:
 - Kept for 3 years from last required entry, unless we request that you keep them for 3 additional years
 - Stored on brewery premises and made available to TTB during business hours

Brewer's Notice File

- You must keep file of your brewer's notices and related documents that support Brewer's Notice:
 - Power of Attorney, Organizational Documents, Plant Description, and Bond

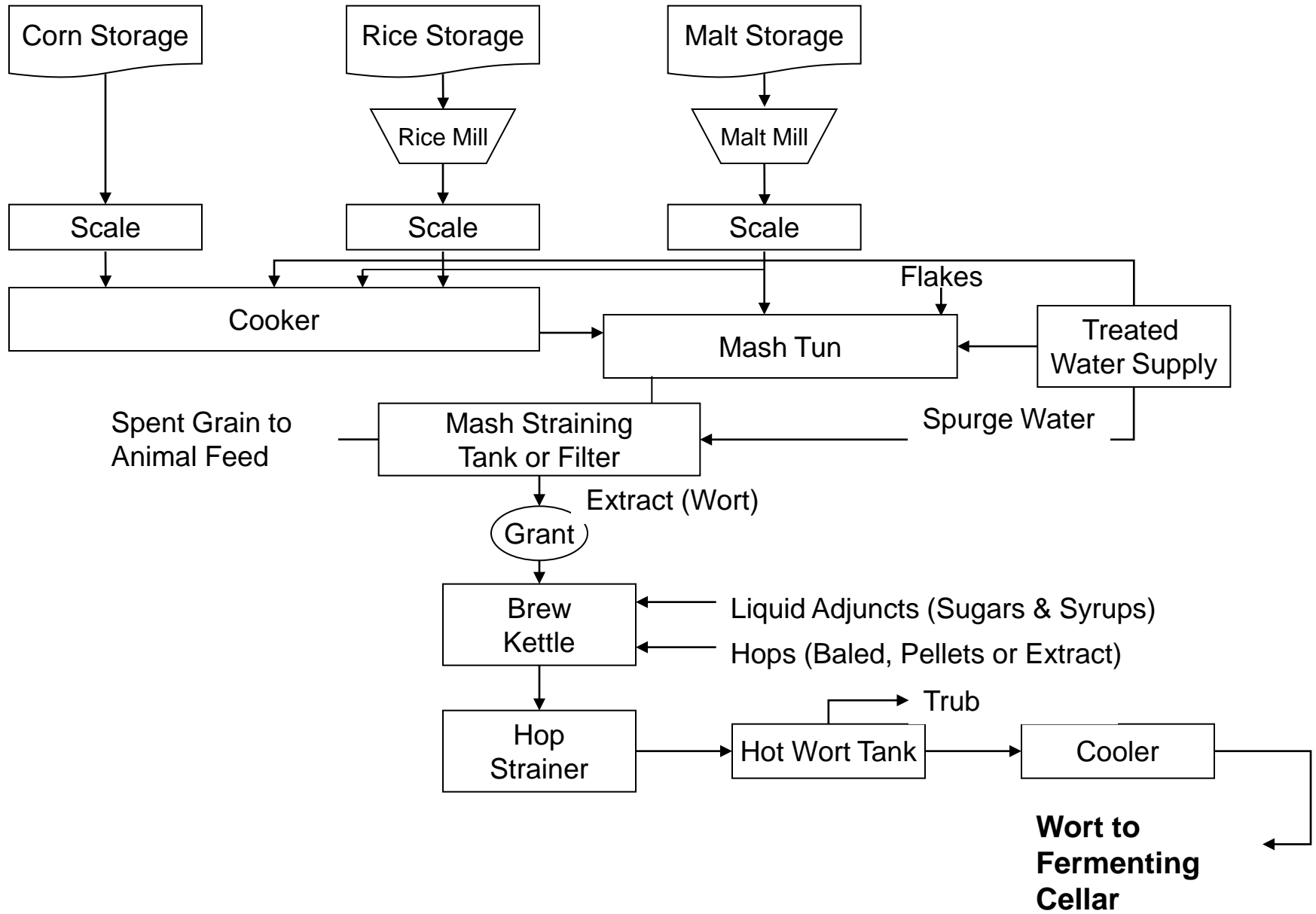
Daily Records

Let's take a look at some of the transactions that are captured in daily records.

Daily Records

- Materials received and used
- Beer produced by fermentation

Cereal Adjuncts



Daily Records (Continued)

- Beer transferred to/from bottling
- Beer transferred to/from racking
- Beer bottled or racked

Daily Records (Continued)

- Beer removed for consumption or sale:
 - Tracks to tax return
- Beer lost due to breakage, theft, etc.:
 - Beer that is lost due to breakage or theft is not subject to tax as long as brewer can prove it

Daily Records (Continued)

- Beer returned to brewery (offsets):
 - Returned to same brewery from which originally removed
- Beer returned to brewery (adjustment):
 - Returned to different brewery from which originally removed of same ownership

Daily Records (Continued)

- Beer destroyed — On brewery premises:
 - Record of destruction
 - No tax and no notification required

Daily Records (Continued)

- Beer destroyed — Off brewery premises:
 - Notice of destruction
 - Adjustment to tax return or file a claim

Daily Records (Continued)

- Exports:
 - 27 CFR part 28
 - Industry Circular 2004-3

Daily Records (Continued)

- Exports:
 - Direct export free of tax
 - Submit TTB F 5130.12 with proof of exportation to NRC and reported on Line 16, or
 - TTB F 5130.12 may be retained at brewery pursuant to guidelines found in Industry Circular 2004-3

Daily Records (Continued)

- Exports:
 - Export tax paid with benefit of drawback
 - Typical example is supplies for vessels and aircraft
 - File TTB F 5130.6

Daily Records (Continued)

- Supplies for vessels and aircraft
- Transfer to another brewery of same ownership
- Research or analysis
- Personal use

Summary Records

What do we mean by
summary records?

Daily Summary Records

- These records summarize daily records
- In the simplest terms, this can be spreadsheet summarizing information from source documents such as invoices

Inventory

How often do I have to take a physical inventory?

Inventory

- Taken at least once each month, within 7 days of end of month
- Must show:
 - Date
 - Quantity
 - Losses, gains, shortages
 - Signature under penalty of perjury by person who took it

Monthly Inventory

27CFR 25.294

		Bay 1				Bay 2				Bay 3				Bay 4				Bay 5				Bay 6			
		Amber				Wheat				Raspberry				Winter				IPA							
		1/2	1/4	12/12	12/24	1/2	1/4	12/12	12/24	1/2	1/4	12/12	12/24	1/2	1/4	12/12	12/24	1/2	1/4	12/12	12/24	1/2	1/4	12/12	12/24
Count				304	414			7303	703			303	110			28	138			10637	634				
Barrels		0	0	11.03	30.05	0	0	265.03	51.02	0	0	11	7.98	0	0	1.02	10.02	0	0	386.02	46.02	0	0	0	0

		TOTAL			
		1/2	1/4	12/12	12/24
Count		366	596	18575	1999
Barrels		183	149	674.09	145.09

		Bay 7			
		1/2	1/4	12/12	12/24
Count					
Barrels		0	0	0	0

		Bay 13				Bay 12				Bay 11				Bay 10				Bay 9				Bay 8			
		Amber				Wheat				Raspberry				Winter				IPA							
		1/2	1/4	12/12	12/24	1/2	1/4	12/12	12/24	1/2	1/4	12/12	12/24	1/2	1/4	12/12	12/24	1/2	1/4	12/12	12/24	1/2	1/4	12/12	12/24
Count		116	120			188	188			32	0			12	104			18	184						
Barrels		58	30	0	0	94	47	0	0	16	0	0	0	6	26	0	0	9	46	0	0	0	0	0	0

I declare under the penalties of perjury that this inventory, including the documents submitted in support thereof, has been examined by me and, to the best of my knowledge and belief, is true, correct and complete.

DATE TAKEN: _____

TAKEN BY: _____

Loss vs. Shortage

- **Loss** — Known quantities of beer lost due to breakage, casualty, or other unusual cause
- **Shortage** — An accounted for discrepancy (missing quantity) of beer disclosed by physical inventory

Is the difference important?

- Losses are not taxable
- Shortages may be taxable:
 - See Industry Circular 2007-1

Shortages of Inventoried Packaged Beer

- 26 U.S.C. 5051 — Tax is imposed on all beer brewed or produced and removed for consumption or sale within the U.S.:
 - “Removed for consumption or sale” is defined in section 5052(c) as the sale and transfer or possession of beer for consumption at brewery or any removal of beer from brewery
- Section 5054 — Tax imposed on beer produced in U.S. by qualified brewery shall be determined at time beer is removed for consumption or sale

Shortages of Inventoried Packaged Beer (Continued)

- 27 CFR 25.294(b)(3) — Brewer must show shortages in record of inventory
- 27 CFR 25.297 — Brewer must prepare and submit completed Brewer's Report of Operations (Form 5130.9); instructions state that brewer must report any shortage in Part 1, on line 31
- Brewer must provide explanation for shortage in Part 5 — Remarks, or in a separate statement signed by brewer under penalty of perjury

Shortages of Inventoried Packaged Beer (Continued)

- 27 CFR 25.291 — Brewer is required to maintain records, summaries, and reports that clearly and accurately reflect by quantity production and disposition of beer
- 27 CFR 25.291(c)(2)(ii) — Brewer's records must contain all data necessary to enable TTB to verify removals of beer and cereal beverages, to verify claims, and to ascertain if there has been compliance with law and regulations

Shortages of Inventoried Packaged Beer (Continued)

- 27 CFR 25.291 and 25.297 — Written explanations on shortages are required as part of records that contain all data necessary to accurately and clearly reflect by quantity production and disposition of beer
- Brewer's explanation regarding shortage must establish that beer in question was not removed for consumption or sale and, thus, no tax liability exists with respect to product

Shortages of Inventoried Packaged Beer (Continued)

- When brewer reports shortage of packaged beer, or it is disclosed by examination of records or by other means, brewer will be given every reasonable opportunity to account for shortage
- TTB will make complete evaluation of all facts and conditions relative to such shortages (including any offsetting gains in prior or subsequent accounting periods)

Shortages of Inventoried Packaged Beer (Continued)

- After evaluation, which may include review of brewer's recordkeeping and security control systems, TTB will determine whether to make tax assessment or request brewer to include appropriate adjustment in next tax return:
 - Assessment and tax collection may be made at any time within applicable statute of limitations under 26 U.S.C. 6501

Brewer's Report of Operations and Brewpub Report of Operations

What's the difference?

Reports of Operations

- Brewer's Report of Operations,
TTB F 5130.9
- Brewpub Report of Operations,
TTB F 5130.26

Brewer's Report of Operations

- Use if you:
 - Produce 5,000 bbls or more per year, or
 - Bottle or keg beer for removal from your brewery

Brewer's Report of Operations

(Continued)

- File monthly if:
 - Produce 10,000 or more bbls per year
- File quarterly if:
 - Produce less than 10,000 bbls per year

Brewpub Report of Operations

- Use if you:
 - Produce less than 5,000 bbls per year, **and**
 - Do not bottle or keg beer for removal from your brewery

Timely Filing


- Brewer's are required to file Brewer's Report of Operations or Brewpub Report of Operations on or before 15th day following reporting period

Report of Operations

Let's take a closer look at this report.

Brewer's Report of Operations

OMB No. 1513-0007 (11/30/2010)



DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (TTB)
BREWER'S REPORT OF OPERATIONS
(You must follow the instructions following this report.)

Our Brewery EIN is: **XX-0000000**

Our Brewery Number is: **BR-TTB-OH-00000**

TTB can reach us by telephone at: **(513) 684-0000**

What is your brewery's name? **Two and Three Brewing Partners, Inc.** [Sample Report!]

What is the location of your brewery?
500 Main Street **Cincinnati** **Hamilton** **Ohio** **45202**
(Number and Street) (City) (County) (State) (ZIP Code)

Reporting Period (Enter Year) **2009**

Monthly Report for (Enter Month) **January** OR Quarterly Report for
 January - March July - September
 April - June October - December
(See instruction 4.)

Operations	Part 1 - Beer Summary (Barrels)					Totals
	Cellar	Racking	Bottling	Case		
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Additions to beer inventory (round your entries to the nearest second decimal)						
1. On hand beginning of this report period	#1 - Copy from Line 33 of previous report					
2. We produced by fermentation	#11					
3. We added water and other liquids in cellar operations	#11					
4. Beer received from racking and bottling	#2					
5. Beer received in bond from other breweries and pilot brewing plants of same ownership						
6. Beer received from cellars		#3		#4		
7. Beer returned to this brewery after removal from this brewery						
8. Beer returned to this brewery after removal from another brewery of the same ownership						
9. Racked			#5			
10. Bottled					#6	
11. Physical inventory disclosed an overage						
12.						
13. Total beer	#7					
Removals from beer inventory (round your entries to the nearest second decimal)						
14. Removed for consumption or sale						
15. Removed tax-determined for use at tavern on brewery premises	#8		#8 ^a Verify against Tax Return		#8 ^a Verify against Tax Return	
16. Removed without payment of tax for export	#9		#9 ^b TTB F 5130-12 Beer for Export		#9 ^b TTB F 5130-12 Beer for Export	
17. Removed without payment of tax for use as supplies (vessels/aircraft)						
18. Removed without payment of tax for use in research, development, or testing						
19. Removed without payment of tax to other breweries and pilot brewing plants of same ownership						
20. Beer unfit for sale removed for use in manufacturing						
21. Beer consumed on premises (example: tasting room)						
22. Beer transferred for racking	#3					
23. Beer transferred for bottling	#4					
24. Beer returned to cellars		#2		#2		
25. Beer racked			#5			
26. Beer bottled					#6	
27. Laboratory samples						
28. Beer destroyed at brewery						
29. Beer transferred to a distilled spirits plant						
30. Recorded losses, including theft						
31. Physical inventory disclosed a shortage (See Instruction 7)				#10	#10	
32.						
33. On hand end of period	#1 - Transfer to Line 1 of next report					
34. Total beer	#7					

TTB F 5130.9 (08/2008)

Brewer's Report of Operations

Prior Period Adjustments (See Instruction 6)					
35. Additions to beer inventory	(+)	(-)	36. Removals from beer inventory	(+)	(-)

Under penalties of perjury I declare that this report is supported by true, complete, and correct records that are available for inspection at my brewery. I have examined this report and to the best of my knowledge and belief it is true, complete, and correct.

#12	#12	#12
Signature	Title	Date

Part 2 - Report Period Tax Payments (See Instructions - Part 2)				
Return Serial Number	Date Filed	Tax Liability	Adjustments	Amount Paid
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$

[Sample Report!]

Part 3 - Summary of Materials Used and Wort Produced								
Item	Hops Extract			Wort (barrels) (d)	specify (e)	specify (f)	specify (g)	specify (h)
	Hops (pounds) (a)	Hops (pounds) (b)	Hops Equivalent (c)					
1. Material for beer & cereal beverage								
2. Wort received and used								
3. Wort removed								
4.								

Part 4 - Cereal Beverage Summary (products at less than 0.5% alcohol by volume)			
1. Produced		Bbbls.	5.
2. Removed		Bbbls.	6.
3. Loss and wastage		Bbbls.	7.
4. Received from DSP		Bbbls.	8. On hand end of period

Part 5 - Remarks	

Instructions

This is the Brewer's Report of Operations. You must file this report if:

- You produce more than 5,000 barrels of beer per year or
- You produce not more than 5,000 barrels of beer per year and you bottle or keg your beer for removal from your brewery. Otherwise, you may file the Brewpub Report of Operations, TTB F 5130.25.

1. Where can I get help for this report? You may call us at 1-513-684-2236 or toll-free at 1-877-882-3277.

2. Where do I file this report? Make an original and a copy.

Send original to us at this address:

Director, National Revenue Center
Alcohol and Tobacco Tax and Trade Bureau
550 Main St, Ste 6002
Cincinnati, Ohio 45202

- You must keep a copy at the brewery available for inspection by TTB officers.

3. When must I file this report? You must file this report by the fifteenth day after the end of the reporting period.

4. What is the reporting period? File this report for the following report periods.

If you...	Then the reporting period is...
Produce 10,000 or more barrels per year	Monthly - enter the month you are reporting
Produce less than 10,000 barrels per year	Quarterly - by calendar quarters - check the box for the quarter you are reporting
Discontinue business	Monthly - for the months in the final quarter you are in business - enter the month you are reporting. Write "final report" in Part 5 - Remarks.

Part 1 - Cellar Operations

5. How do I report beer on this form? You must report beer in barrels. One barrel is 31 gallons. Round your entries to the nearest second decimal place.

6. I adjusted a previous period tax return. Now, how do I report adjustments on this report? If you adjusted an Excise Tax Return (TTB F 5000.24) and the adjustment affects the quantity of beer you previously reported on your Brewer's Report of Operations, then you must record an adjustment on this report to correct the error.

Follow these instructions:

- Make these adjustments on lines 35 and 36, in the plus or minus columns as appropriate (additions on line 35, removals on line 36).
- Do not include these adjustments in the totals on lines 13 or 34.
- Explain your adjusting entries in Part 5 - Remarks. Attach additional pages if necessary.

7. I have a shortage to report in Part 1. Must I explain? You must explain any shortage you report in Part 1, Columns (d) and (f). Give your explanation in Part 5 - Remarks, or in a separate statement, signed by you under penalty of perjury. We may assess the tax on shortages if we are not satisfied that your explanation is sufficient to relieve you of the tax liability.

TTB F 5130.9 BREWER'S REPORT OF OPERATIONS

INVENTORY
PHYSICAL
INVENTORY OF
BEER EACH

CELLAR OPERATIONS	RACKING OPERATIONS		BOTTLING OPERATIONS	
CELLAR OPERATIONS PART 1 - COLUMN A	BULK COLUMN B	KEG BEER COLUMN C	BULK COLUMN D	CASE BEER COLUMN E

D
A
I
L
Y

R
E
C
O
R
D

O
F

O
P
E
R
A
T
I
O
N
S

Beer Produced

Returned from Racking or Bottling

Transferred for Racking or Bottling

*Tax Determined for use at Tavern

Removed w/o Payment of Tax:
Export
Research/Lab
Consumed on Premises

Destroyed

Received for Kegging

*Racked into Kegs

Losses

*Racked into Kegs

*Return after Removal

*Removed for Sale/Consumption

*Tax Determined for Use @ Tavern

Removed w/o Payment of Tax:
Export
Supplies
Research
Consumed on Premises

Destroyed

Losses

Received for Bottling

*Bottled

Losses

*Bottled

Return after Removal

*Removed for Sale/Consumption

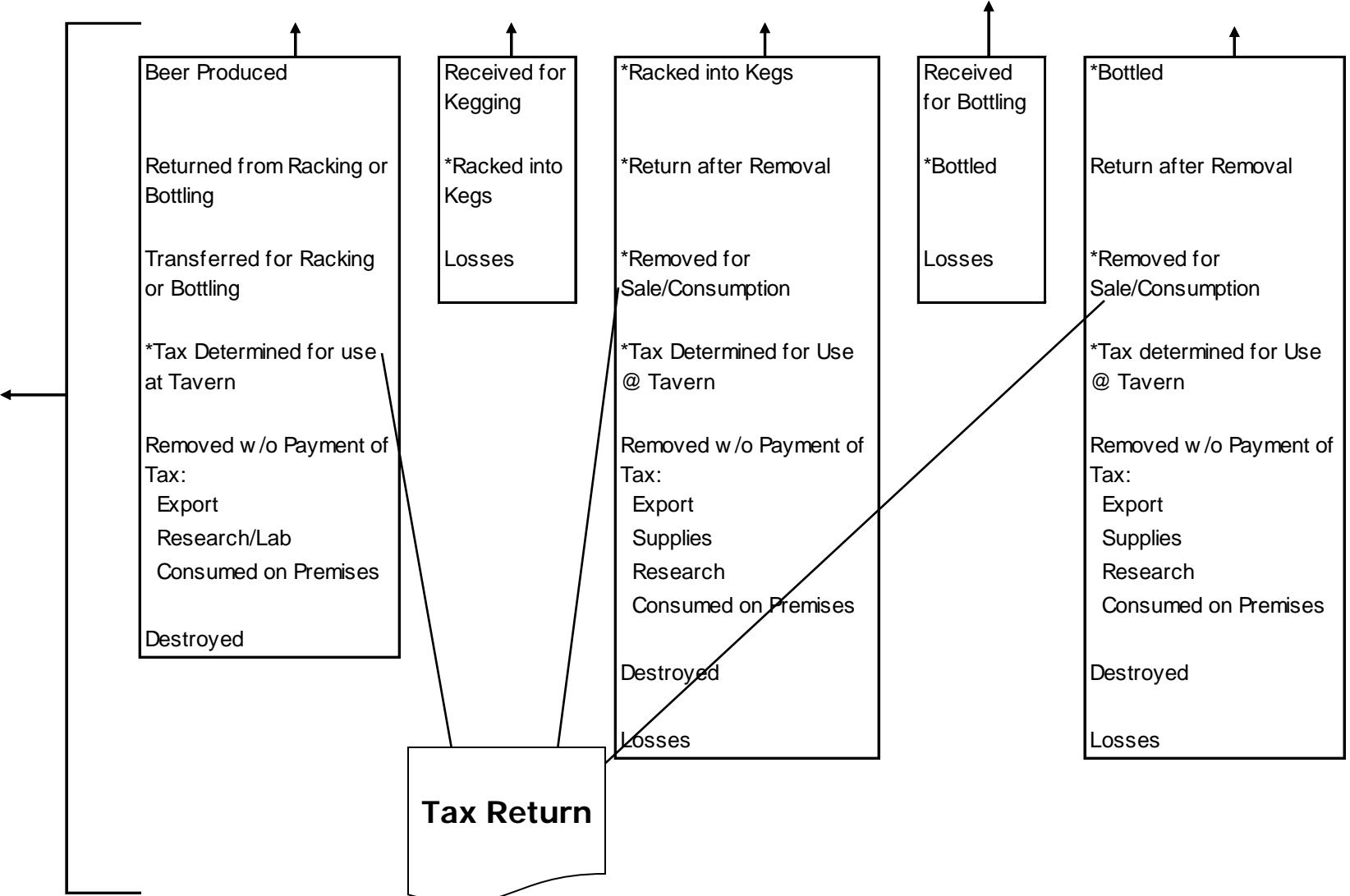
*Tax determined for Use @ Tavern

Removed w/o Payment of Tax:
Export
Supplies
Research
Consumed on Premises

Destroyed

Losses

Tax Return



*Record Summarized on Daily Basis

Brewing Log

BREWING LOG

27 CFR 25.292 (a)(2)

DATE: 1/3/2009
FLAVOR: Amber
BATCH #: 1234
FERMENTER: 1A

INGREDIENTS

	Amount Used
Malt 1	<u>100</u>
Malt 2	<u>200</u>
Wheat	<u>300</u>
Hops 1	<u>100</u>
Hops 2	<u>200</u>
Yeast	<u>300</u>
Other	<u>5</u>

PROCESS

Calcium Chloride	<u>XX</u>
Mash-in	<u>XX</u>
Conversion	<u>XX</u>
First Wort	<u>XX</u>
Calcium Chloride	<u>XX</u>
Start Boil, First Hops	<u>XX</u>
Dust to LT	<u>XX</u>
Floc G	<u>XX</u>
End Boil	<u>XX</u>
Whirlpool Hops	<u>XX</u>
Cooling	<u>XX</u>

BREW DATA

Kettle Fill Gravity	<u>12.1</u>
Kettle Full Volume	<u>275</u>
Knock-out Gravity	<u>13.1</u>
Rinse Adjustment Volume	<u>75</u>
Target Gravity	<u>10.5</u>
Final Gravity	<u>10.4</u>
Volume Cooled	<u>300</u>

COMMENTS

Racking Log

RACKING LOG

27CFR 25.292 (a)(3), (4), (5), (6)

DATE	BARRELS TO RACKING	BARRELS RACKED	LOSSES	AMBER		WHEAT		RASPBERRY		WINTER		IPA	
				1/2	1/4	1/2	1/4	1/2	1/4	1/2	1/4	1/2	1/4
1/3	25.00	25.00	0.00	25.00									
1/4			0.00										
1/5			0.00										
1/6			0.00										
1/7			0.00										
1/10	182.00	180.00	2.00			100.00	80.00						
1/11	75.00	75.00	0.00					75.00					
1/12			0.00										
1/13			0.00										
1/14	5.00	5.00	0.00							5.00			
1/17			0.00										
1/18			0.00										
1/19	55.00	50.00	5.00									50.00	
1/20			0.00										
1/21			0.00										
1/24			0.00										
1/25	100.00	100.00	0.00	75.00	25.00								
1/26			0.00										
1/27			0.00										
1/28	50.00	50.00	0.00										50.00
1/31			0.00										

TOTAL 492.00 485.00 7.00 100.00 25.00 100.00 80.00 75.00 0.00 5.00 0.00 50.00 50.00

Bottling Log

BOTTLING LOG

27CFR 25.292 (a)(3), (4), (5), (6)

DATE	BARRELS TO BOTTLING	BARRELS BOTTLED	LOSSES	AMBER		WHEAT		RASPBERRY		WINTER		IPA	
				12/12	12/24	12/12	12/24	12/12	12/24	12/12	12/24	12/12	12/24
1/3	101.00	100.02	0.98	100.02									
1/4			0.00										
1/5	252.00	249.97	2.03			174.99	74.98						
1/6			0.00										
1/7			0.00										
1/10	353.00	341.02	11.98			190.01	55.02	95.99					
1/11	203.00	199.99	3.01					199.99					
1/12			0.00										
1/13			0.00										
1/14	526.00	524.97	1.03						199.99	74.98	199.99	50.01	
1/17			0.00										
1/18			0.00										
1/19	498.00	474.97	23.03								399.99	74.98	
1/20			0.00										
1/21			0.00										
1/24			0.00										
1/25	251.00	250.05	0.95	100.02	50.01	100.02							
1/26			0.00										
1/27			0.00										
1/28	102.00	100.02	1.98								100.02		
1/31			0.00										

TOTAL 2286.00 2241.01 44.99 200.04 50.01 465.02 130.00 295.98 0.00 199.99 74.98 700.00 124.99

Tax Determination for Use in Tavern

Month: January 2009

DATE	TANK	FLAVOR	BARRELS
1/3/2009	1	Raspberry	50.25
1/4/2009	2	Wheat	62.46
1/6/2009	4	Amber	75.32
1/7/2009	3	IPA	47.30
1/10/2009	1	Winter	55.98
1/11/2009	5	Raspberry	67.85
1/13/2009	2	Wheat	63.98
1/14/2009	3	IPA	45.87
1/17/2009	4	Amber	80.42
1/18/2009	1	Winter	57.94
1/19/2009	3	IPA	35.97
1/22/2009	5	Raspberry	56.47
1/24/2009	2	Wheat	47.94
1/27/2009	3	IPA	58.29
1/31/2009	1	Raspberry	45.98
TOTAL			852.02

Daily Shipping Report

Daily Shipping Report

27CFR 25.292 (a)(8)

Tax Period: 2009-1

DATE	INVOICE	QUANTITY	KEG	BBLs	CASE	BBLs	TAX
1/3/2009	12489	84	1/2	42			
1/3/2005	12489	40	1/4	10			
1/3/2005	12489	3196			12/12	115.98284	
1/3/2005	12489	372			12/24	26.99976	
1/4/2005	12490	40	1/2	20			
1/4/2005	12490	136	1/4	34			
1/4/2005	12490	1752			12/12	63.58008	
1/4/2005	12490	647			12/24	46.95926	
1/4/2005	45987	2	1/2	1			
1/4/2005	45988	1500			12/12	54.43500	
1/5/2005	12491	92	1/2	46			
1/5/2005	12491	80	1/4	20			
1/5/2005	12491	3361			12/12	121.97069	
1/5/2005	12491	621			12/24	45.07218	
1/6/2005	12492	132	1/2	66			
1/6/2005	12492	76	1/4	19			
1/6/2005	12492	2811			12/12	102.01119	
1/6/2005	12492	656			12/24	47.61248	
1/7/2005	12493	50	1/2	25			
1/7/2005	12493	90	1/4	22.5			
1/7/2005	12493	5000			12/12	181.45000	
1/7/2005	12493	300			12/24	21.77400	
1/7/2005	45989	4	1/2	2			
1/7/2005	45989	6	1/4	1.5			
1/7/2005	45989	236			12/12	8.56444	
1/7/2005	45989	72			12/24	5.22576	
1/10/2005	12494	56	1/2	28			
1/10/2005	12494	84	1/4	21			
1/10/2005	12494	3609			12/12	130.97061	
1/10/2005	12494	827			12/24	60.02366	
1/11/2005	12495	100	1/2	50			
1/11/2005	12495	80	1/4	20			
1/11/2005	12495	3941			12/12	143.01889	
1/11/2005	12495	661			12/24	47.97538	
1/12/2005	12496	72	1/2	36			
1/12/2005	12496	92	1/4	23			
1/12/2005	12496	6007			12/12	217.99403	
1/12/2005	12496	620			12/24	44.99960	
1/13/2005	12497	94	1/2	47			
1/13/2005	12497	64	1/4	16			
1/13/2005	12497	2590			12/12	93.99110	
1/13/2005	12497	730			12/24	52.98340	
1/14/2005	45990	56	1/2	28			
1/14/2005	45990	100	1/4	25			
1/14/2005	45990	2755			12/12	99.97895	
1/14/2005	45990	207			12/24	15.02406	
TOTAL				603		1748.59736	\$16,461.20

Daily Shipping Report

Daily Shipping Report
Tax Period: 2009-2

DATE	INVOICE	QUANTITY	KEG	BBL	CASE	BBL	TAX
1/17/2009	12498	58	1/2	29			
1/17/2005	12498	132	1/4	33			
1/17/2005	12498	5539			12/12	201.01031	
1/17/2005	12498	592			12/24	42.96736	
1/18/2005	12499	118	1/2	59			
1/18/2005	12499	24	1/4	6			
1/18/2005	12499	3830			12/12	138.99070	
1/18/2005	12499	648			12/24	47.03184	
1/19/2005	45991	88	1/2	44			
1/19/2005	45991	64	1/4	16			
1/19/2005	45991	1957			12/12	71.01953	
1/19/2005	45991	399			12/24	28.95942	
1/20/2005	12500	52	1/2	26			
1/20/2005	12500	124	1/4	31			
1/20/2005	12500	5732			12/12	208.01428	
1/20/2005	12500	468			12/24	33.96744	
1/21/2005	12501	74	1/2	37			
1/21/2005	12501	96	1/4	24			
1/21/2005	12501	3774			12/12	136.95846	
1/21/2005	12501	772			12/24	56.03176	
1/24/2005	45992	94	1/2	47			
1/24/2005	45992	76	1/4	19			
1/24/2005	45992	2177			12/12	79.00333	
1/24/2005	45992	923			12/24	66.99134	
1/25/2005	12502	100	1/2	50			
1/25/2005	12502	68	1/4	17			
1/25/2005	12502	3913			12/12	142.00277	
1/25/2005	12502	317			12/24	23.00786	
1/26/2005	12503	54	1/2	27			
1/26/2005	12503	60	1/4	15			
1/26/2005	12503	3003			12/12	108.97887	
1/26/2005	12503	951			12/24	69.02358	
1/27/2005	12504	66	1/2	33			
1/27/2005	12504	96	1/4	24			
1/27/2005	12504	1461			12/12	53.01969	
1/27/2005	12504	220			12/24	15.96760	
1/28/2005	12505	106	1/2	53			
1/28/2005	12505	148	1/4	37			
1/28/2005	12505	6007			12/12	217.99403	
1/28/2005	12505	716			12/24	51.96728	
1/31/2005	12506	68	1/2	34			
1/31/2005	12506	44	1/4	11			
1/31/2005	12506	3554			12/12	128.97466	
1/31/2005	12506	702			12/24	50.95116	
TOTAL				672		1972.83327	\$18,513.81

Brewer's Report of Operations

OMB No. 1513-0007 (11/30/2010)



**DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (TTB)**

BREWER'S REPORT OF OPERATIONS

(You must follow the instructions following this report.)

Our Brewery EIN is:
12-3456789

Our Brewery Number is:
BR-ST-AAA-###

TTB can reach us by telephone at:
(503) 123-4567

What is your brewery's name? ABC Brewing

What is the location of your brewery?

123 NE Main Street Portland Multnomah OR 97654
(Number and Street) (City) (County) (State) (ZIP Code)

Reporting Period (Enter Year) 2009

Quarterly Report for

Monthly Report for (Enter Month) Jan 2009

OR

January - March

July - September

April - June

October - December

(See instruction 4.)

Part 1 - Beer Summary (Barrels)

Operations (a)	Cellar (b)	Racking		Bottling		Totals (g)
		Bulk (c)	Keg (d)	Bulk (e)	Case (f)	
Additions to beer inventory (round your entries to the nearest second decimal)						
1. On hand beginning of this report period	3,225.00	0	1,133.00	0	2,315.21	6,673.21
2. We produced by fermentation	2,000.00					2,000.00
3. We added water and other liquids in cellar operations						0.00
4. Beer received from racking and bottling						0.00
5. Beer received in bond from other breweries and pilot brewing plants of same ownership						0.00
6. Beer received from cellars		492.00		2,286.00		2,778.00
7. Beer returned to this brewery after removal from this brewery			11.00		21.19	32.19
8. Beer returned to this brewery after removal from another brewery of the same ownership						0.0
9. Racked			485.00			485.00
10. Bottled					2,241.01	2,241.01
11. Physical inventory disclosed an overage			3.00			3.00
12.						0.00
13. Total beer	5,225.00	492.00	1,632.00	2,286.00	4,577.41	14,212.41

Removals from beer inventory (round your entries to the nearest second decimal)

Brewer's Report of Operations (Continued)

14. Removed for consumption or sale			1,275.00		3,721.43	4,996.43
15. Removed tax-determined for use at tavern on brewery premises	852.02					852.02
16. Removed without payment of tax for export						0.00
17. Removed without payment of tax for use as supplies (vessels/aircraft)						0.00
18. Removed without payment of tax for use in research, development, or testing						0.00
19. Removed without payment of tax to other breweries and pilot brewing plants of same ownership						0.00
20. Beer unfit for sale removed for use in manufacturing						0.00
21. Beer consumed on premises (example: tasting room)						0.00
22. Beer transferred for racking	492.00					492.00
23. Beer transferred for bottling	2,286.00					2,286.00
24. Beer returned to cellars						0.00
25. Beer racked						0.00
26. Beer bottled						0.00
27. Laboratory samples						0.00
28. Beer destroyed at brewery			14.00		21.19	35.19
29. Beer transferred to a distilled spirits plant						0.00
30. Recorded losses, including theft		7.00		45.00		52.00
31. Physical inventory disclosed a shortage (See Instruction 7)					0.85	0.85
32.						0.00
33. On hand end of period	1,594.98	0.0	343.00	0.0	833.94	2,771.92
34. Total beer	5,225.00	492.00	1,632.00	2,286.00	4,577.41	14,212.41

TTB F 5130.9 (08/2008)

Brewer's Report of Operations (Continued)

Prior Period Adjustments (See Instruction 6)					
35. Additions to beer inventory	(+)	(-)	36. Removals from beer inventory	(+)	(-)

Under penalties of perjury I declare that this report is supported by true, complete, and correct records that are available for inspection at my brewery. I have examined this report and to the best of my knowledge and belief it is true, complete, and correct.

Signature _____ Owner _____ 02/12/2009
 Title _____ Date _____

Part 2 - Report Period Tax Payments (See Instructions - Part 2)				
Return Serial Number	Date Filed	Tax Liability	Adjustments	Amount Paid
#1	01/27/2009	\$ 19,618.48	\$ 45.00	\$ 19,663.48
#2	02/12/2009	\$ 21,095.34	\$ -85.75	\$ 21,009.59
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$

Part 3 - Summary of Materials Used and Wort Produced								
Item	Hops (pounds) (a)	Hops Extract		Wort (barrels) (d)	Malted Barl specify (e)	specify (f)	specify (g)	specify (h)
		(pounds) (b)	Hops Equivalent (c)					
1. Material for beer & cereal beverage	4076				241,594			
2. Wort received and used								
3. Wort removed								
4.								

Part 4 - Cereal Beverage Summary (products at less than 0.5% alcohol by volume)					
1. Produced		Bbls.	5.		Bbls.
2. Removed		Bbls.	6.		Bbls.
3. Loss and wastage		Bbls.	7.		Bbls.
4. Received from DSP		Bbls.	8. On hand end of period		Bbls.

Part 5 - Remarks

Reconciliation

Let's take a look at how the physical inventory
is reconciled to the
Brewer's Report of Operations.

Inventory Reconciliation

INVENTORY RECONCILIATION
 JANUARY 31, 2009
 27 CFR 25.294

<u>BEER IN KEGS</u>	1/2	1/4	TOTAL BARRELS
BEGINNING INVENTORY	690	443	1,133.00
RACKED	330	155	485.00
REMOVALS	830	445	1,275.00
DESTROYED BEER	7	7	14.00
ENDING INVENTORY BALANCE	183	149	332.00
LOSS/(GAIN) TO INVENTORY	-	(3)	(3.00)
<u>BEER IN BOTTLES</u>	12/12	12/24	TOTAL BARRELS
BEGINNING INVENTORY	1,633.91	681.30	2,315.21
BOTTLED	1,861.03	379.98	2,241.01
REMOVALS	2,820.00	895.00	3,715.00
DESTROYED BEER	-	21.19	21.19
ENDING INVENTORY BALANCE	674.09	145.09	819.18
LOSS/(GAIN) TO INVENTORY	0.85	-	0.85

I declare under the penalties of perjury that this inventory, including the documents submitted in support thereof, has been examined by me and, to the best of my knowledge and belief, is true, correct and complete.

DATE TAKEN: _____

TAKEN BY: _____

Common Problems

- You must file a report every period
- All entries are in barrels, except Materials Used
- Beer for tavern versus consumed on premises
- Do not forget totals in Column G
- Person must have signing authority
- Correct headings used in Part 3 — refer to Beer Materials Handout

Brewpub Report of Operations

This report is easier to work with than the
Brewer's Report of Operations.
Let's have a look.

BrewPub Report of Operations

OMB No. 1513-0007 (11/30/2010)



DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (TTB)
BREW PUB REPORT OF OPERATIONS

(You must follow the instructions below.)

Our Brewery EIN is:
12-3456789

Our Brewery Number is:
BR- ST-AAA-XXX

TTB can reach us by telephone at:
503-123-4567

What is your brewery's name?
ABC Brewing

What is the location of your brewery?
123 NE Main St Portland Multnomah OR 97654
(Number and Street) (City) (County) (State) (Zip Code)

Reporting Period (Enter year) 2009

Quarterly Report for January - March April - June July - September October - December

Part 1 - Cellar Operations

Additions to beer inventory	Number of barrels	Removals from beer inventory	Number of barrels
1. Produced by fermentation	470.25	10. Beer tax determined for use in the tavern on brewery premises	466.25
2. We added water and other liquids in cellar operations		11. Beer removed in bond to other breweries or pilot brewing plants of same ownership	3.75
3. Beer received in bond from other breweries or pilot brewing plants of same ownership	2.00	12. Beer consumed on premises (example, tasting room)	
4. Beer returned to this brewery after removal from this brewery	0.50	13. Beer destroyed at brewery	0.50
5. Physical inventory disclosed an overage		14. Recorded beer losses, including theft (explain in Part 5 - Remarks, on Page 2)	2.25
6.		15. Physical inventory disclosed a shortage (see Instruction 7)	
7.		16.	
8. Our total beer to account for is (add lines 1 through 7)	472.75	17. Total removals from inventory (add lines 10 through 16)	472.75
9. We adjust from a prior reporting period (explain in Part 5 - Remarks, on Page 2)		18. We adjust from a prior reporting period (explain in Part 5 - Remarks, on Page 2)	2.00

BrewPub Report of Operations (Continued)

Part 2 - Report Period Tax Payments (See Instructions - Part 2)

Return Serial Number	Date Filed	Tax Liability	Adjustments	Amount Paid
2009-1	3/29/2009	\$ 3,263.75	\$ 14.00	\$ 3,277.75
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$

Part 3 - Summary of Materials Used and Wort Produced

Item	Hops (pounds) (a)	Hops Extract		Wort (barrels) (d)	Barle	Wheat		
		(pounds) (b)	Hops Equivalent (c)		specify (e)	specify (f)	specify (g)	specify (h)
1. Material for beer & cereal beverage	576				25295	3720		
2. Wort received and used								
3. Wort removed								
4.								

Under penalties of perjury, I declare that this report is supported by true, complete, and correct records that are available for inspection at my brewery. I have examined this report and to the best of my knowledge and belief it is true, complete, and correct.

Signature	Title Owner	Date 4/4/09
-----------	----------------	----------------

Excise Tax

Now we will discuss the
Federal excise tax on beer.

When is the Beer Tax Due?

- 26 U.S.C. 5051(a) — “Tax is hereby imposed on all beer brewed or produced and removed for consumption or sale within the U.S. or imported into the U.S.”

Excise Tax on Beer

- Rate of tax on beer is \$18.00 per barrel if brewer produces more than 2,000,000 barrels of beer per year
- If brewer produces 2,000,000 or less barrels of beer per year, rate of tax is reduced to \$7.00 per barrel on first 60,000 barrels that are removed for consumption or sale from brewery

Calculation of Tax

- The 31-gallon barrel is standard unit for beer excise tax purposes
- Taxable removals in kegs must be computed as barrels by using tables found in 27 CFR 25.156
- Taxable removals in bottles must be computed as barrels by using tables found in 27 CFR 25.158

Excise Tax Return

What are the rules for filing the
excise tax return?

Excise Tax Return

- Semi-Monthly:
 - 1st – 15th
 - 16th – to end of month
- Due Dates:
 - Not later than the 14th day after the last day of the return period
 - See Due Date Schedule at www.ttb.gov

Excise Tax Return (Continued)

- Special rule for September — there is a third return period:
 - EFT — See 27 CFR 25.164
 - Non-EFT — See 27 CFR 25.164

Excise Tax Return (Continued)

- Quarterly return:
 - Criteria — Not more than \$50,000 per calendar year in beer tax
 - Bond amount must be 29% of your total tax liability in calendar year

Reconciliation of the Tax Returns to the Report of Operations

This can be tricky. Here's how it's done.

Reconciliation Tax Returns to Report of Operation

Reconciliation Report of Operations to Tax Returns				
Jan-09				
<u>Report of Operations</u>				
Removed for Consumption or Sale (bbls)			Tax Rate	Total Tax
	Kegs	1275		
	Cases	3721.43		
	Tavern	852.02		
		5848.45	7.00	40939.15
Less Returns as Offsets				
	Cases	32.19	7.00	225.33
				40,713.82
<u>Tax Returns</u>				
	S/N 2009-1			19,618.48
	S/N 2009-2			21,095.34
				<u>40,713.82</u>
Note:				
Adjustments to tax liability are a separate matter				

Common Audit Findings

Here are the common audit findings that we want to discuss.

Common Audit Findings

- Fill tests either not conducted or no records of tests are maintained
 - 27 CFR 25.142(b)
- Failure to test and/or maintain records of testing of measuring devices
 - 27 CFR 25.41 and 25.42
- Tanks not properly marked
 - 27 CFR 25.35

Common Audit Findings (Continued)

- Failure to properly determine tax liability
 - 27 CFR 25.159
- Failure to timely file report of operations and tax returns
 - 27 CFR 25.164
- Failure to file SOT or untimely filing of SOT
 - 27 CFR 25.111

Common Audit Findings (Continued)

- Failure to provide 12-day prior notification on Notice of Destructions
 - 27 CFR 25.222
- Failure to maintain inventory records, no perjury statement, and inventory sheets not signed
 - 27 CFR 25.294

Summary

- We learned about :
 - Requirements for maintaining required records
 - Process for correctly filing reports (TTB Forms 5130.9 and 5130.26) and tax returns

Contact Information

- Valerie Bushman or Melissa Keller
- Field Operations — National Revenue Center
 - Phone: (513) 684-3817 or 1-877-882-3277
 - Mail: National Revenue Center
550 Main Street, Suite 8002
Cincinnati, OH 45202