

Washington Wine Excise and Producer Assessment Taxes

A Legal Resource Provided by Davis Wright Tremaine LLP

Kelly Luzania

ATTORNEY

Portland

kellyluzania@dwt.com

503.778.5359

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Davis Wright Tremaine LLP is a full service law firm providing services to the wine industry in the areas of mergers and acquisitions and other business transactions, land use and real estate, alcohol regulatory and licensing, intellectual property, employment, and litigation.

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	TTB	WSLCB
Tax Returns	<p>TTB excise tax is triggered upon importation or removal of wine from bond. Pay TTB Form 5000.24sm via pay.gov</p> <p>Excise Tax Periods:</p> <ul style="list-style-type: none"> • Annually, if new winery and expect to pay < \$1,000 this year <i>or</i> paid < \$1,000 in excise tax last year and expect to pay < \$1,000 this year. • Quarterly, if paid < \$50,000/year excise tax last year <i>and</i> expect to pay < \$50,000/year in excise tax this year. • Semi-Monthly, if you don't qualify for annual or quarterly returns (default). <p>*No excise tax return due if no taxes due but must file Reports of Wine Premises Operations 5120.17 even if no activity.</p> <p>**No TTB bond required if annual or quarterly filer.</p>	<p>WSLCB excise tax is triggered on sale or distribution to retailers, samples to WA agents, donations to WA nonprofits, and winery direct to consumer sales. WSLCB Tax Forms and Instructions.</p> <p>Tax Periods:</p> <ul style="list-style-type: none"> • Annually, if winery expects to sell ≤6,000 gallons/year in Washington. Annual filers must notify WSLCB in advance by email at beerwinetaxes@liq.wa.gov. Cannot change filing frequency mid-year. • Monthly, for wineries that sell >6,000 gallons/year in Washington. Must be completed even if no sales occurred.
Tax Credits/ Exemptions	<p>Craft Beverage Modernization Act (CBMA) Tax Credits: Federal excise tax credits apply to all domestically produced and imported still and sparkling wine, regardless of winery size. In general, credits may only be taken by importer upon receipt or by producer upon removal. See below regarding tax credit transfers for removals by second bonded entity on behalf of producing winery. Tax credits are also limited by TTB single taxpayer and controlled group rules. Excise tax credits:</p> <ul style="list-style-type: none"> • \$1 tax credit on the first 30,000 gallons removed/year; • \$0.90 tax credit on removals of 30,001-130,000 gallons/year; and • \$0.535 tax credit on removals of 130,001-750,000 gallons/year. 	<p>No wine tax credit or exemption. All wineries pay the same tax rates.</p>
Tax Rates	<p>Excise Tax per gallon (<i>without tax credits listed above, if available</i>):</p> <ul style="list-style-type: none"> • 0.5% to ≤ 16% ABV = \$1.07 • > 16% to ≤ 21% ABV = \$1.57 • 21% to ≤ 24% ABV = \$3.15 • Artificially Carbonated (>0.392 CO₂ g/100ml) = \$3.30 • Sparkling = \$3.40 <p>Full list of TTB excise tax rates with tax credits, as applicable.</p>	<p>WSLCB Excise Tax per liter:</p> <ul style="list-style-type: none"> • Table wine (≤14% ABV, or any ABV and nonfortified) = \$0.2292 • Fortified wine (>14% ABV <i>and</i> fortified (added spirits, brandy or alcohol)) = \$0.4536
Transfer Mechanism (removal by another bonded facility on behalf of producing winery)	<p>In most cases, tax credits may only be taken by the winery that “produced” the wine. In addition to production by fermentation, “production” for tax credit purposes also includes sweetening, amelioration, production of formula wine, addition of wine spirits, and production of sparkling or artificially carbonated wine from bulk still wine. If a second winery performs one of these actions on bulk wine it is the producer and may use tax credits when it removes the wine from bond. <i>However</i>, if domestic wine is transferred in bond to a bonded wine warehouse or 2nd bonded winery, wine tax credits may be transferred with the wine so long as the producer still holds title to that wine upon removal and is entitled to tax credits. 2nd bonded premises may remove and pay taxes with the producer’s tax credits, if any are available. This tax credit transfer is <i>retroactive</i> to 1/1/18.</p>	<p>N/A</p>

	TTB	WSLCB
Grape Tonnage Tax	N/A	Washington Wine Commission Producers Assessment (tax paid by all WA wineries on wine produced): \$0.08 /gallon (cider and mead are exempt). Growers pay \$12/ton on wine grapes harvested in Washington to Washington Wine Commission. Reporting is online via each grower's account. WAC 16-575-015
Export	Wine exported from U.S. is exempt from excise tax. If taxpaid wine is exported, complete TTB Form 5120.24 "Drawback on Wines Exported" and provide proof of export.	Wine exported from Washington is exempt from WSLCB excise tax.
Links to Laws	Tax statutes: 26 USC 5041 to 5045 Craft Beverage Modernization and Tax Reform Act Guidance TTB is expected to update and draft new tax regulations now that CBMA has been made permanent. Stay tuned!	Tax Regulations: WAC 314-19 Tax Statutes: RCW 66.24 WSLCB Tax Reporting Guide



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