

OUT-OF-STATE WINERY LICENSE

FOR DIRECT SHIP WINE SALES TO NEW JERSEY

On 01/17/2012 Governor Chris Christie approved P.L.2011, c.207 which allows for out-of-state wineries to sell wine directly to consumers in New Jersey. The wineries participating in these sales must collect and remit applicable state taxes from their New Jersey customers. The law also clarifies that the holders of the new "Out-of-State Winery License are subject to the tax clearance and licensing provisions of the "State Uniform Tax Procedure Law," R.S.54:48-1 et seq. and section 5 of P.L. 2004, c.58 (C.54:50-26.3).

Information regarding the direct shipment of wine to consumers and the new Out-of-State Winery License is shown below.

OUT-OF-STATE WINERY LICENSE

The Division of Alcoholic Beverage Control (ABC) will issue the newly created Out-of-State Winery License. For information on the process and to apply for this license you must go to the Division of Alcoholic Beverage Control at www.nj.gov/oag/abc/index.html

DISTRIBUTION OF ALCOHOLIC BEVERAGES IN NEW JERSEY

If you need information regarding the distribution of alcoholic beverages in the state of New Jersey visit the web site of the Office of the Attorney General at www.nj.gov/oag/abc. However, the Division of Taxation will be the administrator of the Alcoholic Beverage Tax pursuant to R.S. 54:41-4 et. Seq.

REGISTRATION

All businesses that plan to direct ship wine to New Jersey consumers must register their business with the New Jersey Division of Revenue. You can register your business via the New Jersey Division of Revenue on-line business registration service by visiting the website at www.state.nj.us/treasury/revenue.

BOND

All applicants applying for an Out-of State Winery License are required to post a bond with the Director of the Division of Taxation. The bond form, to be completed by your preferred bonding company, can be found on the Division's web site at [Beverage Tax Bond](http://www.state.nj.us/treasury/taxation/pdf/other_forms/alcohol/B71800taxbond.pdf)

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The Division will notify the applicant of the exact amount of the bond required to be posted; the bond *must* be posted before a license can be issued.

The amount of the bond required is fixed by the Director of the Division of Taxation, may be increased or reduced at any time and is subject to the limitations provided in N.J.A.C. 18: 3-5.2.

The Director may require a bond in the amount no greater than three times the tax on the greatest amount of alcoholic beverages handled during a bimonthly period of the previous 12-month period. The total amount of the bond required to be filed may never exceed \$1,000,000.00 nor can it be less than \$1,000.00.

In determining the bond amount the Director shall take into account any information which would establish the applicant's financial responsibility. If the applicant has never before engaged in business in New Jersey as a licensee, the Director may perform an investigation and fix the amount of the bond on any information obtained.

REPORTING

A business that is granted an Out-of-State Winery License will be required to file a bimonthly beverage tax report, Form R-1-W with the Division of Taxation. Form R-1-W has been revised to accommodate the reporting of wine sales to New Jersey retailers and wine sale shipped directly to New Jersey consumers.

In addition, the total gallons of all wine sales directly shipped to New Jersey consumers must be reported on Schedule D-W. Although a complete itemized list of all consumers is not required when filing the return the complete list must be maintained for a minimum of three (3) years and must be made available to the Division of Taxation upon request.

All Alcoholic Beverage Tax forms can be found on the Division of Taxation's website at <http://www.state.nj.us/treasury/taxation/prntalcohol.shtml>

A 'WHAT TO DO' CHECKLIST' IS SHOWN ON THE NEXT PAGE.

Out-of-State Winery “WHAT TO DO” Checklist

- Register the business with the New Jersey Division of Revenue’s website. Information can be found at [Getting Registered](http://www.state.nj.us/treasury/revenue/gettingregistered.shtml) (www.state.nj.us/treasury/revenue/gettingregistered.shtml)

Step 1: If your business is a legal entity such as a corporation, limited partnership, or limited liability company, you must file formation or authorization documents for the public record. General partnerships and sole proprietors are not subject to this first requirement. [Starting a Corporation in New Jersey](http://www.state.nj.us/treasury/taxation/ot2.shtml) <http://www.state.nj.us/treasury/taxation/ot2.shtml>

Step 2: Applies to all businesses. You must file Form NJ-REG to be registered for tax and employer purposes (Step 2). [Online registration](https://www.state.nj.us/cgi-bin/treasury/revenue/dcr/reg/sos_dcrnew01_page1.cgi) https://www.state.nj.us/cgi-bin/treasury/revenue/dcr/reg/sos_dcrnew01_page1.cgi

- Post a Beverage Tax Bond with the New Jersey Division of Taxation. The bond form is available on the Division of Taxation’s website, [Beverage Tax Bond](http://www.state.nj.us/treasury/taxation/pdf/other_forms/alcohol/B71800taxbond.pdf) http://www.state.nj.us/treasury/taxation/pdf/other_forms/alcohol/B71800taxbond.pdf

- Apply for the Out-of-State Winery License with the New Jersey Division of Alcoholic Beverage Control. Information can be found at www.nj.gov/oag/abc/index.html

- File the New Jersey Alcoholic Beverage Tax returns on a bi-monthly basis (every two months). Returns, schedules, and instructions are available on the Division of Taxation’s website, [www.state.nj.us/treasury/taxation](http://www.state.nj.us/treasury/taxation/prntalcohol.shtml) or <http://www.state.nj.us/treasury/taxation/prntalcohol.shtml>