

Foreword

This notice cancels and replaces Notice 163 Wine Production (August 2012). Details of any changes to the previous version can be found in paragraph 1.2 of this notice.

Paragraphs 5.12, 6.2, 6.3, 11.3, 11.8, 11.12, 13.7, 13.8 and 13.13 of this notice explain record keeping requirements and spoiled wine conditions, have the force of law under the Revenue Traders (Accounts and Records) Regulations 1992 and the Wine and made-wine Regulations 1989. These paragraphs are indicated by being placed in a box.

Example:

| |
|---|
| The following requirement has the force of law |
| You must record the date of any change of status of any wine from duty suspended to duty paid and the product(s). |

1. Introduction

1.1 What is this notice about?

This notice explains the effects of the law and regulations covering the production, storage and accounting for duty on wine and made-wine. For the definition of wine and made-wine, see paragraph 2.1.

Where we say 'wine' in this notice, we include made-wine, except where specifically stated.

As this notice contains various technical terms, you may find the glossary helpful - see section 30.

The effects of the law and regulations covering the handling of wine in Excise warehouses are explained in Notice 196 Excise goods: authorisation of warehouse keepers, approval of premises and registration of owners and Notice 197 Excise goods: receipt into and removal from an excise warehouse of excise goods.

1.2 What's changed?

The notice has been updated to inform you of the new guidance on the classification of alcohol where fermented and distilled alcohols are mixed - see paragraph 25.7.

Section 9 (on alcoholic strength) has also been amended for consistency with what is contained in law.

This notice and others mentioned are available on our website, at [Catalogue of publications](#).

1.3 Who should read this notice?

It is primarily intended for commercial wine producers. If you produce wine solely for your own personal consumption and do not sell or receive a consideration for any of it, this notice does not apply to you.

1.4 Where can I find the relevant law?

You will find the main legal provisions relating to the production, holding and movement of wine in:

- The Alcoholic Liquor Duties Act 1979, and
- The Wine and Made-wine Regulations 1989 (SI 1989/1356).

Other legislation may also apply to wine producers. This includes:

- The Customs and Excise Management Act 1979
- The Revenue Traders (Accounts and Records) Regulations 1992 (SI 1992/3150), which cover the keeping of records
- The Excise Goods (Holding, Movement and Duty Point) Regulations 2010 which cover the intra Community movement and storage of goods, and
- The Excise Goods (Drawback) Regulations 1995 (SI 1995/1046).

You can access details or get copies of the Acts or Regulations from the Office of Public Sector Information.

1.5 Do any parts of this notice have legal force?

Sometimes the law says that detailed rules on a particular matter may be set out in a notice published by HM Revenue & Customs (HMRC). Paragraphs 5.12, 6.2, 6.3, 11.3, 11.8, 11.12, 13.7, 13.8 and 13.13 have legal force and are indicated by being placed in a box.

1.6 Further information

If you need any advice, or any of the forms mentioned in this notice, you should contact our Helpline, on Tel 0300 200 3700.

2. The basics

2.1 What is wine or made-wine?

In the Alcoholic Liquor Duties Act 1979, 'wine' is defined as 'any liquor which is of a strength exceeding 1.2 per cent and which is obtained from the alcoholic fermentation of fresh grapes or of the must of fresh grapes, whether or not the liquor is fortified with spirits or flavoured with aromatic extracts'.

'Made-wine' means 'any liquor which is of a strength exceeding 1.2 per cent and which is obtained from the alcoholic fermentation of any substance or by mixing a liquor so obtained or derived from a liquor so obtained with any other liquor or substance but does not include wine, beer, black beer, spirits or cider'.

Made-wine, for example, will include products similar to wine but not made from fresh grape and some 'ready to drink' products (RTDs) that are made using fermented alcohol - see section 25.

2.2 How does the duty system work?

If you produce wine for sale you must be licensed with us for duty purposes, that is, you must hold a wine producer's licence (see section 3).

Wine:

- becomes liable to duty when it is made (that is, when its strength exceeds 1.2 per cent alcohol by volume (ABV)) or imported - see section 5, and
- can be held on or, in certain circumstances, moved between licensed premises or to Excise warehouses in duty suspension - that is, without payment of duty but always remaining liable to duty.

Duty:

- is charged on the quantity and in bands determined by alcoholic strength (ABV) of the wine - see section 5
- is normally calculated by reference to the quantity and alcoholic strength stated on the package label or invoice - see sections 8 and 9
- becomes payable when wine is released from or consumed in licensed premises or Excise warehouses - see section 5, and
- may also be paid on the constructive removal of wine held in duty suspense in licensed premises - see paragraph 5.12.

2.3 How do I calculate and pay the duty?

You must:

- keep records of all wine produced
- keep records of all wine leaving licensed premises, or otherwise passing the duty point - see paragraphs 5.7 and 5.12
- calculate duty due on all wine released for UK home market use - see section 5
- keep records of all wine destroyed
- complete a monthly duty return and send it to the Central Collection Unit - see section 7, and
- pay the duty by the due date by one of the methods described in section 7.

2.4 What are my responsibilities?

You must exercise control over your wine making activities. Unless you do not need to be licensed (see paragraph 3.2), you must:

- licence your wine premises
- make entry of your wine premises
- maintain your business records to acceptable standards
- render returns as required and pay any duty owing no later than the due date, and
- comply with the requirements of this notice.

2.5 Visits by HMRC

We will make visits to make sure duty is being correctly assessed and accounted for on all wine leaving licensed premises. Assurance is based on auditing your commercial, accounting and management control systems and on physical checks. We will carry out physical checks on production, stock and movements of wine in duty suspension.

2.6 Will you make an appointment?

When we intend to carry out our checks we will normally make a prior appointment. Occasionally, we may make visits without appointment but the attending officer will give the reason for the unannounced visit. At any reasonable time you must permit our officers access to any area of the licensed premises. You must make sure that all your security personnel are aware that we may visit without appointment. All of our officers carry identification and will show this when they arrive.

2.7 What happens if I fail to meet my legal obligations?

If you fail to comply with the law and regulations relating to this notice (see paragraph 1.4) or do not account for the correct amount of Excise duty, we may take action including the issue of assessments and/or civil penalties. These are explained in Notice 208 Excise assessments and Notice 209 Civil Penalties: Fixed, geared and daily. You may also be liable to penalties if you fail to apply to register with HMRC at the right time or if your monthly duty return is inaccurate - see paragraphs 3.12 and 7.7. In many cases you will have the right to appeal. Full details of the appeals procedure are set out in section 29 of this notice.

3. Licensing

3.1 Do I need to be licensed?

Yes. If you produce or intend to produce wine for sale, you must hold an Excise licence. For the purpose of this notice, this particular type of Excise licence is known as a wine producer's licence.

You must also be licensed if you render wine sparkling, unless you intend to carry out this process in an Excise warehouse. You may produce wine and render wine sparkling on the same licensed premises.

3.2 Can I produce wine without a licence?

You may only produce wine without an Excise licence if the wine is not for sale.

3.3 Can growers have their fruit made into wine by a licensed producer?

Yes. If you do not intend to sell the wine produced for you by a licensed producer, you can receive it without payment of duty, provided you give the licensed producer a written declaration that the wine will not be sold.

If you intend to lease vines you should observe the conditions set out in section 16.

If you are a commercial grower, or lessee, and you intend to sell the wine produced by a licensed producer on your behalf, the licensed producer must pay the duty on the wine when it leaves their licensed premises. Alternatively we will permit you to receive your wine from the licensed producer, without them having paid any duty on the wine, provided you:

- take out an Excise licence
- make entry of your premises
- observe the requirements of this notice with regard to storage, and
- pay the duty due when the wine is sent out from your licensed premises.

Our Helpline, on Tel 0300 200 3700 can provide further information about these arrangements.

3.4 How do I become licensed?

To obtain an Excise licence, simply complete form [L5 Application for a licence to carry on an excise trade](#) (see section 28) and send it along with entry of your premises (see paragraph 3.6) to the:

HM Revenue & Customs
National Registration Unit (Alcohol and Tobacco)
Portcullis House
21 India Street
Glasgow
G2 4PZ

Phone: 0141 555 3489/3586

If you have an enquiry about your application once it has been sent, you may contact the National Registration Unit (NRU). For any enquiries before this stage, you should contact our Helpline, on Tel 0300 200 3700.

A **separate licence** is required for **each set of premises** at which you intend to make wine. A licence will be issued in the name of the proper legal entity (sole proprietor, partnership, limited company, and so on.). However, you may choose to submit only one duty return for all licensed premises owned by the same legal entity - see section 7.

Note: all wine producers applying for a licence for the first time are required to arrange for a guarantee to cover any duty due on wine, removed from your licensed premises to the UK home market, until it is paid to HMRC - see section 4.

3.5 What does an Excise licence allow me to do?

As a licensed wine producer you are permitted to:

- produce wine on your licensed premises
- carry out all operations and procedures set out in this notice, including the removal of duty suspended product to other appropriately approved UK and EC warehouses
- store, in duty suspense, on your licensed premises wine produced at those premises
- receive wine in duty suspense from other appropriately approved warehouses for further processing, and
- receive back in duty suspense your own product from other appropriately approved warehouses (that are approved to receive wine) where it has undergone further processing, for example aeration, pasteurisation and bottling.

You are **not allowed** to receive in duty suspense:

- wine, not previously produced on your licensed premises, in a ready for sale state from other licensed premises or approved warehouses - **unless** you are a commercial grower who is licensed as a 'wine producer' in order to receive wine produced on your behalf by a licensed producer (see paragraph 3.3), or
- spirits, beer, cider or imported wine.

If you wish to receive spirits for fortification or beer, cider or imported wine for use in the production of wine or made-wine, you must apply for approval as a Trade Facility Warehouse - see section 25.

3.6 How do I 'make entry of the premises'?

As part of your licence application, you must make entry of the premises you intend to use.

An entry of premises is a plan showing the position and description of each vessel or other piece of plant you intend to use in the production of wine. It should include any identifying marks on your vessels or plant and the full address of the premises and should be submitted to the NRU with your application.

You are not required to make an Excise entry of your premises if the wine you produce is not for sale.

Note: retail premises, within or attached to your registered premises, is not considered part of the registered premises. Any wine to the retail premises will have to be duty paid on removal from the registered premises.

3.7 What happens after I have applied for a licence?

We may wish to discuss your application with you. Once any queries on your application are settled we will send you an Excise licence. You should keep the licence on the premises to which it refers as we may wish to see it from time to time.

3.8 How long will my licence last?

Your licence will last until production has ceased. You must notify us in writing:

- if you intend to cease production, and
- when you have actually ceased production.

3.9 Stopping production

After production has stopped and your wine is finished and packaged (see paragraph 22.2) you will have to pay the duty due on:

- any remaining stock in hand, and
- any unexplained shortages.

Alternatively, we may allow you to destroy the wine stock in hand as if it were unfit for sale. If you wish to do this, see paragraph 11.7. However, duty must still be paid on any unexplained shortages.

When we are satisfied that you have accounted for all duties and/or destroyed your stock of wine, we will cancel your licence and your entry of the premises.

3.10 Can I use my licensed premises for other Excise trades?

You may use your premises for other Excise trades (for example, a compounder of spirits) provided you:

- are properly licensed or registered to carry out that trade
- observe all the requirements set out in the appropriate notice and any additional restrictions or conditions imposed by us, and

- your working practices and records readily identify the particular trade being carried out in any room, vessel or piece of equipment that can be used for two or more trades.

3.11 Changes affecting your licence particulars

You must write to the NRU (see paragraph 3.4 for address and phone number) giving details of any changes that may affect your licence, including ceasing production - see paragraph 3.9.

The following changes would require a new application (form [L5 Application for a licence to carry on an excise trade](#)) and entry of premises to be submitted:

- change of legal entity, for example, formation of a limited company, or
- change in the ownership or control of your business (in the case of a sole proprietor or partnership).

The following other changes must also be notified in writing:

- change of address of your licensed premises. Entry of premises would also need to be submitted
- change of name of the licensed person, for example, change of company name
- cessation of production
- the production of other excisable goods on your premises
- financial difficulties/impending insolvency, or
- you become VAT registered or de-registered.

3.12 Production by unlicensed persons or on unlicensed premises

The production of wine:

- by a person who is not licensed, or
- on premises which are not licensed.

is an offence for which there is a penalty. You can avoid a penalty by applying to be licensed at the correct time. If you have not applied for a licence, you must notify us as soon as possible. We will be able to reduce the penalty, in many cases to zero.

For further information on penalties, see link below.

Briefing on new penalties

You have the right to appeal if we impose such a penalty. For further information on appeals, see section 29 and link below.

[How to appeal against an HMRC decision - indirect tax](#)

4. Financial security

4.1 What is financial security?

For the purpose of this notice financial security is a guarantee given by an approved guarantor who undertakes to pay money to us in the event of an irregularity covered by the guarantee. Guarantees are the only form of security acceptable to us.

4.2 When is a guarantee required?

We require a guarantee to:

(a) safeguard the duty on all duty suspended intra-EU movements of wine - see [Notice 197 Excise goods: receipt into and removal from an excise warehouse of excise goods](#).

We may require a guarantee for:

(b) movement of wine within the UK.

We also require a guarantee to:

(c) safeguard the duty due on wine that has been produced in the UK and has passed the duty point but upon which duty has not been paid to HMRC - unless you are eligible to apply for authorisation to make payments without providing a guarantee under the Excise Payment Security system (EPSS).

4.3 How do I arrange for a guarantee?

If a guarantee is required under 4.2 (a), (b) or (c) above, you must apply in writing to:

HM Revenue & Customs
National Registration Unit (Approvals Team)
Portcullis House
21 India St
Glasgow
G2 4PZ

Once we have agreed your guarantee amount, we will issue the draft wording to your guarantor for completion of the guarantee form and return to the NRU. If satisfied, we will accept the guarantee and return a signed copy to the guarantor. You may use the guarantee when you have confirmed that your guarantor has received the signed acceptance copy from us.

4.4 What is EPSS?

A guarantee is required to cover any duty due on wine, removed from your licensed premises to the UK home market, until it is paid to HMRC (no later than the 15th day of the month following the accounting period). This will apply to all wine producers applying to be licensed for the first time - see paragraphs 4.4.3 and 4.4.4. However, you may be eligible to apply for authorisation to make payments without providing a guarantee under EPSS - see paragraphs 4.4.1 and 4.4.2.

Note: if you are not eligible to apply for EPSS and you wish to avoid having to provide a guarantee then, alternatively, you can pay your duty liability up front. The payment is an annual one and you must pay a year's estimated duty in advance. You will need to contact the Central Collection Unit (TAPS) on Tel 01702 366558 to make the necessary arrangements.

4.4.1 How do I apply for authorisation to make payments without providing a guarantee?

You must complete an application form [EPSS\(B\) - Excise Payment Security System \(EPSS\): application for authorisation to make payments of excise duties without a guarantee](#) which can be found on our website, go to hmrc.gov.uk or obtained from our Helpline on Tel 0300 200 3700.

You must send the completed application form to:

EPSS Authorisation Team
Ruby House
8 Ruby Place
Aberdeen
AB10 1ZP

4.4.2 What are the EPSS authorisation criteria?

To be eligible to apply for EPSS, you must have been VAT registered for three years or more. If so, you will be assessed against the full EPSS authorisation criteria which include checks on your VAT, excise and debt compliance history.

If you are trading beneath the VAT registration threshold, you are eligible to apply for EPSS if you have been registered in an excise payment regime for three years or more. In this case, you will not be assessed against the full EPSS eligibility criteria but instead checks will be made on your excise return, payment and debt compliance history.

Full EPSS eligibility and authorisation criteria can be found on our website, go to hmrc.gov.uk.

4.4.3 How do I arrange for a guarantee if I do not qualify for EPSS?

Your guarantor must complete form [C1201 TAPS - Guarantee for payment of sums due to the Commissioners of HM Revenue & Customs](#) which can be found on our website, go to hmrc.gov.uk or obtained from our Helpline on Tel 0300 200 3700. You must send the completed form to:

HM Revenue & Customs
Central Collection Unit (TAPS)
Alexander House
21 Victoria Avenue
Southend-on-Sea
SS99 1AS

Your guarantee amount should be set at a maximum amount that is sufficient to cover all the duty likely to be due, on wine removed from your licensed premises to the UK home market, in any given accounting period.

Note: licensed wine producers who have premises that are also approved as an Excise warehouse, will be required to have a separate deferment guarantee to cover any duty due on removals from the Excise warehouse - unless they are eligible to apply for authorisation to make payments without providing a guarantee.

You will not be authorised for duty deferment unless you have a guarantee or are authorised under EPSS.

4.4.4 What happens if I do not provide a guarantee?

If you fail to provide a guarantee, you will be required to pay the duty due when the duty point occurs, that is, as soon as you despatch wine to home use from your licensed premises, rather than delaying payment of the duty until the 15th day of the following month.

4.5 Who can act as a guarantor?

Only companies approved by us may act as guarantors. Most banks and insurance companies have this approval, but if you want to check a particular company please contact the NRU (see paragraph 4.3).

4.6 How much will my guarantee cost me?

The cost of the guarantee is a commercial arrangement between you and the guarantor.

5. Duty rates and when duty becomes due

5.1 How do I find out the rates of duty?

The duty rates for wine are structured in bands according to the strength of the product and whether it is sparkling or not. They are stated as amounts per hectolitre (100 litres).

The duty bands are set out in paragraph 5.2 below. Our Helpline, on Tel 0300 200 3700 will advise you of current rates on request, or you can find the rates on our website, go to hmrc.gov.uk.

5.2 Is all wine dutied at the same rate?

No. There are six duty categories for wine and made-wine:

- all wine/made-wine exceeding 1.2 per cent ABV but not exceeding 4.0 per cent ABV
- all wine/made-wine exceeding 4.0 per cent ABV but not exceeding 5.5 per cent ABV
- still wine/made-wine exceeding 5.5 per cent ABV but not exceeding 15.0 per cent ABV
- still wine/made-wine exceeding 15 per cent ABV but not exceeding 22 per cent ABV
- sparkling wine exceeding 5.5 per cent ABV but less than 8.5 per cent ABV
- sparkling wine from 8.5 per cent ABV but not exceeding 15 per cent ABV.

Any wines exceeding 22.0 per cent ABV are dutied as spirits.

5.3 When does wine become liable to duty?

Wine becomes **liable** to duty once it has been produced or when it is imported into the UK - see paragraph 5.7.

5.4 When is wine liable to the sparkling rates of duty?

Wine is liable to the sparkling rates of duty if it has an actual alcoholic strength by volume exceeding 5.5 per cent but not exceeding 15 per cent ABV and:

- in a closed bottle with excess pressure, due to carbon dioxide, of three bars or more at 20°Centigrade, or
- regardless of pressure, is contained in a closed bottle with a 'mushroom shaped stopper' held in place by a tie or fastening.

5.5 When is wine made?

Wine is deemed to be made or produced at the point during fermentation when the strength of the product first exceeds 1.2 per cent ABV.

5.6 Is duty due on low strength wine not exceeding 1.2 per cent ABV?

No duty is chargeable in the UK on wine that does not exceed 1.2 per cent ABV. However, you must record details of the manufacturing operations in your production records. The wine may be moved using your normal commercial despatch documents.

If you intend to produce low strength wine by removal of alcohol, you should first consult our Helpline, on Tel 0300 200 3700 who will advise you on any revenue requirements that may affect the process you intend to employ.

5.7 What is the duty point?

Paragraph 5.3 explains when wine becomes **liable** to duty, but duty only becomes **payable** when the wine passes the duty point, that is when it leaves duty suspension. Duty ceases to be suspended when:

- (a) the wine leaves licensed premises, unless it is delivered:
 - to other appropriately approved premises for further processing
 - to an Excise warehouse
 - for exportation
 - for shipment as stores
 - to HM Ships
 - to entitled diplomats, or
 - to entitled members of visiting forces.
- (b) the wine is constructively removed (see paragraph 5.12)
- (c) the wine is lost

- (d) the wine is irregularly diverted
- (e) you are no longer licensed, and
- (f) the premises on which you are holding the wine cease to be licensed premises.

In addition, wine is considered to have left duty suspension when there is a failure to comply with any requirements relating to the duty suspension arrangements.

5.8 Who is liable for the duty?

The person holding the wine at the duty point is liable for the duty.

5.9 When must I pay the duty?

Normally, the duty should be paid by the **15th day** following the end of your 'accounting period' in which the wine passed the duty point - see section 7 (but see also paragraphs 4.2(d) and 4.4.4).

5.10 How do I calculate duty on wine and made wine removed from a licensed winery?

Unless HMRC has permitted the use of an alternative method of calculation that does not disadvantage the revenue, you must work out each constituent stage of the duty calculation process to a minimum of four decimal places.

In order to complete the EX 606 wine/made wine duty return declaration, you must round down the quantity of wine to the nearest whole litre.

See the following examples:

- (a) 407 × 3 litre container of still wine × 11% ABV

$407 \times 3 = 1221$ litres in total

$1221 \times \text{duty rate of } *£2.5339 = \mathbf{£3,093.8919}$, rounded down to **£3,093.89**

*this is the hectolitre duty rate of £253.39 converted to litres for the purposes of completing the duty return.

- (b) 137 cases of still wine, each containing 12 × 750 ml × 13% ABV

$12 \times 750\text{ml} = 9$ litres per case

$9 \times 137 = 1233$ litres in total

$1233 \times \text{duty rate of } £2.5339 = \mathbf{£3,124.2987}$, rounded down to **£3,124.29**

(c) 1246 cases of still wine, each containing 12 x 750 ml x 11% ABV

12 x 750ml = 9 litres per case

9 x 1246 = 11214 litres in total

11214 x duty rate of £2.5339 = **£28,415.154, rounded down to £28,415.15**

(d) 245 cases of sparkling wine, each containing 12 x 750ml x 12% ABV

12 x 750ml = 9 litres per case

9 x 245 = 2205 litres in total

2205 x duty rate of £3.2456 = **£7,156.548 rounded down to £7,156.54**

5.11 What happens if I do not pay the duty?

If you fail to pay the duty by the due date, you will be liable to a civil penalty of 5 per cent of the duty or £250 - whichever is greater. In addition, further penalties may be incurred for each day that you fail to pay the duty. Details of civil penalties are contained in [Notice 209 Civil Penalties: Fixed, geared and daily](#).

At any time after the due date for payment, our officer may take action to take possession of all wine, materials and equipment used in making wine or connected with your trade as a wine producer, which are either owned by you or are in your possession and auction them to recover duty due plus pay distraint costs. See also paragraph 2.7 of this notice.

5.12 Can I pay duty in advance of wine leaving licensed premises?

If you consider that it would help your business to account for duty on any duty suspended wine in advance of delivery from licensed premises, you may do so. This is known as '**constructive removal**' and allows the licensed holder of the wine to change the status of the wine held on licensed premises from duty suspended to duty paid, on payment of the proper duty, without the need to remove the wine from those premises. The duty should be paid in the normal manner (see section 7) by the 15th of the month following the calendar month in which the wine was constructively removed.

The following requirements have the force of law and are made under regulation 12A (3) of the Wine and Made-wine Regulations 1989.

You must record:

- the date of any change of status of any wine from duty suspended to duty paid, and
- the product(s).

Note - when wine has been constructively removed, it cannot be returned to duty suspension.

5.13 Budget changes

You are responsible for declaring the correct amount of duty from the effective date of change. When the duty rate changes, we will notify you of the new rates, the effective date and the time of the change. Following the budget, you can find details of the duty rate changes on our website, go to hmrc.gov.uk or you can contact our Helpline, on Tel 0300 200 3700.

When the rate changes during an accounting period, you must complete two separate returns for the period: one at the old rates and one at the new rates. You should mark the returns pre or post budget as appropriate.

6. Records and accounts

6.1 General

As a revenue trader, you should observe the requirements of Notice 206 Revenue traders' records. If your records do not satisfy our requirements we may direct you to make the necessary changes.

We require you to maintain and produce for examination your record of your business activities. We may examine:

- Profit and Loss and Trading Statements
- Management Accounts and Reports
- Balance Sheets and trading forecasts
- Internal and external auditor's reports, and
- Any record maintained for a business purpose.

6.2 What records must I keep?

The following requirements have the force of law and are made under regulation 6 of the Revenue Trader (Accounts and Records) Regulations 1992.

You must keep records which show:

- Materials used (including additives)
- Details of processes and operations including
 - fermentations
 - additions
 - drawing off, and

- bottling and packaging
- Quantities and strength of wine
 - produced
 - received
 - sent out from licensed premises
 - returned to licensed premises
 - constructively removed
 - lost or destroyed on licensed premises and
 - rendered sparkling
- Samples
- Domestic consumption
- Imports
- Exports
- Receipts
- Details of any stock-takes, including details of any surplus, deficiency or other discrepancy revealed by the stock-take.

Generally your normal business records will contain or can be modified to contain the information we require.

6.3 What accounts must I keep?

You must keep a duty account. A duty account is a summary of the wine duty due in each accounting period.

The following requirements have the force of law and are made under regulation 5(1) of the Revenue Trader (Accounts and Records) Regulations 1992.

You must keep an account which contains the following information:

- the amount of duty on all wine that leaves duty suspension
- the amount of duty reclaimed on spoilt wine which has been destroyed or wine which has been reprocessed
- the amount of any underdeclarations from previous periods
- the amount of any overdeclarations from previous periods, and
- the net amount of duty due for the period and the date, and method of payment.

6.4 How long must I keep my records for?

You must normally keep your business records for six years. If, however, this causes problems ask our Helpline, on Tel 0300 200 3700 if you can keep some of your records for a shorter period. You must get our agreement before destroying any of your business records that are less than six years old.

6.5 Must I keep the original documents?

You can keep your records on any form of storage technology, provided that copies can be easily produced and that there are adequate facilities for allowing our officer to view them when required.

You should advise our Helpline, on Tel 0300 200 3700 before you transfer records. You may be required to operate the old and new systems side by side for a limited period of time. We may refuse or withdraw approval if any requirements are not met.

6.6 What if I keep my records on a computer?

If you keep your records on a computer, we will require access to it so that we can check its operation and the information stored. We may ask for help from you or anyone else having charge of, or otherwise concerned with, the operation of the computer or its software.

If a computer bureau is employed, you are responsible for arranging for the bureau to make your records available to us when we wish to see them. Normally this will be at your principal place of business.

7. Accounting for and paying duty

7.1 How must I account for duty?

At the end of each 'accounting period', that is:

- calendar month, or
- four or five week period (provided this arrangement is agreed beforehand with HMRC).

you must total up all the wine sent out from your premises during that period, work out the duty due, complete a duty account and transfer the appropriate totals to a monthly return - EX606 (Wine/Made-Wine/Cider/Perry Return).

7.2 How do I obtain the return form?

EX606s are routinely sent out to all licensed wine producers. If you fail to receive a return, you should contact the Central Collection Unit - see paragraph 7.4.

7.3 How do I fill in my return?

You must fill in your monthly duty return, EX606/606A, with:

- the quantity of wine in each relative duty band you sent out for home-use (or constructively removed) during the previous accounting period
- any allowable deductions, and
- the amount of duty you owe.

Unless we have given you specific authority, you may only make deductions from your duty liability as outlined in this notice.

You will find that the EX606/606A has full instructions on the completion of the return.

Returns must be completed in ink and any changes must be initialled and dated by the person who signs the declaration.

7.4 What happens if I do not submit a duty return?

If you fail to submit a return on time you will be liable to penalties - see paragraph 2.7. We have the authority to estimate the duty which would have been due and to pursue that debt through the civil courts - see paragraph 5.11. If you foresee any problems, you should immediately contact the:

HM Revenue & Customs
Central Collection Unit (TAPS)
21 Victoria Avenue
Southend-on-Sea
SS99 1AS

Phone: 01702 366558

7.5 Who should sign the return?

The proprietor, a partner, the company secretary or a director of the company should sign the declaration on the return. If this is not possible, you can, as one of the above-mentioned persons, authorise someone to sign the return on your behalf.

7.6 Can a single duty return be submitted for multi-site operations?

Yes. If you have more than one licensed premises owned by the same legal entity, you may, on request, combine the duty liability for each in the one duty return. However, an individual duty summary should be maintained for each site and consolidated in a duty account by the site submitting the return.

If you are approved to produce both cider and wine/made-wine, or if you produce either products on more than one set of premises, you may, as above, combine the duty liability for both products and /or premises in the one duty return.

7.7 Accuracy of returns

You can avoid a penalty by checking that you have given complete and accurate information in your duty return. You may be liable to a penalty if your return is inaccurate and, as a result, you do not pay enough duty or if you do not notify us that a duty assessment we have sent you is too low. If you are aware you have made a mistake on your return, you must notify us as soon as possible. We will be able to reduce the penalty, in many cases to zero.

If you deliberately make a false duty return, you may face prosecution for the offence and incur a heavy penalty.

For further information on penalties, see link at paragraph 3.12.

You have the right to appeal if we impose such a penalty. For further information on appeals, see section 29 and the link at paragraph 3.12.

7.8 What if I discover errors relating to earlier accounting periods?

If you discover underdeclarations relating to previous accounting periods which total less than £1,000 duty, you must enter the amounts against lines 23 to 32 on the reverse of the EX606 as appropriate, and carry the total forward to lines 35 and 17 for the current accounting period.

Similarly, if you discover overdeclarations totalling less than £1,000 duty, you must enter the amounts against lines 23 to 32 on the reverse of the EX606 as appropriate and carry the total to lines 36 and 18 for the current accounting period. You do not have to send written advice, but details of the errors must be retained for inspection.

If however, the total underdeclaration and/or total overdeclaration is £1,000 duty or more, you must, in addition to making the adjustments outlined above, send full details in writing to the Central Collection Unit (TAPS) (see paragraph 7.4 for address) with the return.

7.9 When must I send in my return and pay the duty?

You must submit your return and payment so that they arrive not later than the 15th day of the month following the 'accounting period.' When the 15th day falls at a weekend or on a public holiday the return and payment must be received by the previous working day.

7.10 How do I pay?

HMRC accepts payment by a range of methods but recommends you pay electronically using one of the following options:

- Bacs Direct Credit
- CHAPS
- Internet or telephone banking.

For further information and help, go to [Paying HMRC](#).

Note: a cap was introduced on 31 May 2012 by the Board of Bacs Payments Schemes Ltd (Bacs) which limits the maximum value of any single Bacs transaction. If you have a payment to make by Bacs Direct Credit which exceeds £20 million, you need to make arrangements with your own bank to make sure payment reaches HMRC on the due date, by an alternative payment method such as CHAPS.

7.11 Where should I send my completed return?

All licensed wine producers must send their returns to the Central Collection Unit.

7.12 What if it is a nil return?

Even if you make no deliveries of wine to home-use during an accounting period, you must still send us an EX606 return form. Insert 'nil' in the quantities box, sign the return and send it to us in the normal way.

8. Measurement of quantity

8.1 General

We can require duty to be accounted for on the actual quantity of wine in each container as it passes the duty point. However, most packagers do not measure the quantity in each container as they use the 'average system' of quantity control.

Under this arrangement, which is used widely throughout the European Union, the average contents of packages must not be less than the declared contents (that is, that marked on the can or bottle or label). Within specified limits the actual contents of any particular container may be more or less than the declared contents.

Packagers using the average system conform to a Weights and Measures Code of Practice which has been agreed with Trading Standards. Packagers are obliged to monitor and record the actual quantity of wine by sampling a proportion of packages to make sure they fulfil the Code's requirement.

8.2 When I produce wine in small pack, what quantity do I use for duty purposes?

Small pack refers to containers of ten litres capacity and less. When sending out wine for UK consumption from your licensed premises, you should normally charge duty on the quantity declared on the label of the can or bottle.

Evidence of compliance with Weights and Measures legislation will be sufficient to accept the labelled contents as the duty base, unless there are grounds for believing that deliberate duty avoidance is involved.

8.3 What sampling rate must I use?

You are required to take samples as follows:

- at least one sample should be taken for each production run, and
- each sample must be a minimum of five packages.

Subject to compliance with these requirements, the average of the samples taken for the purpose of complying with average contents rules will be treated as the quantity of wine in a container.

8.4 What is 'due diligence'?

'Due diligence' is the term used for the measures you have in place to monitor the filling process and the actions you take to prevent and/or rectify any instances of excessive over or under filling found.

8.5 How do I demonstrate that 'due diligence' has been observed?

You should monitor the filling process to make sure that the quantity put into the package does not regularly excessively exceed the amount declared on the label. You should record these checks and provide an adequate audit trail to satisfy our officer that 'due diligence' is being exercised.

Where there is evidence of consistent excessive overfilling, additional duty will be due.

8.6 Under what circumstances is additional duty paid?

Duty becomes payable at the end of the accounting period in which a container of wine is delivered to home-use. That is, when it passes the duty point.

Where you have incurred an additional duty liability as a result of overfilling, the additional duty should be paid in the relevant accounting period when wine is supplied to home use from your licensed premises or from licensed premises or Excise warehouses owned or operated by your company.

If you fail to properly record and/or pay the additional duty due on excess volume that you have delivered to home-use, we will assess you for the additional duty due. If you cannot produce accurate records upon which the additional amount of duty can be readily established, including quantities delivered to home-use, we will use 'best judgement'.

In the case of overfilled containers of wine supplied in duty suspension to third parties, you should record details of these deliveries separately in your records. The law requires that the person holding the goods at the time of their delivery to home-use, is liable for the duty, including that on the volume in excess of the declared quantity. However, if we are satisfied that the third party was unaware that the container had been overfilled and that the third party is entirely independent of you, we will not normally seek to recover the additional duty due. In deciding whether or not to pursue the additional duty we will take into account the following factors:

- the relationship between you and the third party
- contracts of supply, if appropriate
- the price paid for the goods, and
- any other information considered relevant.

8.7 Can I combine the results of monitoring the volume for two or more products?

For small pack, we will normally require you to assess the monitoring results separately for each product. However, if in exceptional circumstances, for example, where a small amount of a seasonal product is packaged and separate monitoring would produce an inequitable outcome, we will consider requests for combining the monitoring results for a number of products.

8.8 Where do I record the volume of wine delivered?

Your normal commercial records should be acceptable provided that they contain sufficient information for calculating duty. You will also need to enter the total volume of wine delivered during the accounting period on the EX606 duty return - see section 7.

8.9 Why do I have to record the volume of wine delivered?

Apart from normal commercial considerations, you must record the volume of wine delivered because:

- the volume will affect the calculation of the duty
- if the delivery is under duty suspension and subject to pilferage, an accurate assessment of the loss will be needed, and
- our officers will want to satisfy themselves as to the accuracy and completeness of your systems and also on the adequacy of any duty guarantees.

8.10 What method should be used to ascertain the quantity in large pack (containers in excess of ten litres) or bulk?

The dutiable quantity of wine should be the actual contents found by dipping, metering or weighing.

8.11 How do I deal with imports?

International obligations require that we cannot treat imports any less favourably than domestic product. As importers will not necessarily be aware of the actual contents of containers we will apply the same principle set out in paragraph 8.6.

9. Alcoholic strength

9.1 What is alcoholic strength?

Alcoholic strength is the percentage of ABV in the wine at 20°C Centigrade. For duty purposes, this should be truncated to one decimal place, for example, 5.59 per cent ABV becomes 5.5 per cent ABV.

9.2 How can I measure alcoholic strength?

You may use any method you wish to measure the strength of wine as long as it produces results that agree with those that would be achieved using the distillation analysis method (also known as the reference method) described in section 26. This is particularly important if the strength of your wine is close to the top of its duty banding.

If you do not use distillation analysis to measure your ABV, you must be prepared to explain your method and show that your results agree with those that would have been achieved had it been used.

For any methods not based on laboratory analysis, an independent analyst must test the ABV of each of your products, at least annually, to confirm consistency with calculated results. The results of the independent analyses must be held in your business records.

9.3 What alcoholic strength is used for duty purposes?

For duty purposes, the alcoholic strength of wine is the actual strength when it passes the duty point.

However, if you comply with certain conditions, we will accept for duty purposes the declared strength.

9.4 What are the conditions for using the declared strength?

If you wish to use the declared strength for duty purposes, you must be able to demonstrate that you have exercised due diligence in the control of your process to make sure that, on average, the actual ABV of each finished product equates to that which you are declaring.

9.5 How can I demonstrate that due diligence has been exercised in the control of ABV?

You must continuously monitor and record your ABV results, which should normally fall randomly on either side of the target strength. The average of your results should equate closely with the target which must be the declared strength.

It is recognized that the ABV of the same product may occasionally vary, but provided appropriate action is taken quickly to return the strength of the wine to within its normal specification, due diligence will have been demonstrated. You must keep records of action taken to maintain product strength within control limits.

9.6 Do I have to measure the strength of each product?

You must establish the strength of each discrete batch for each of your products. Where wine from one batch is packaged into different container types, for example, boxes and bottles, you may combine the results.

9.7 What about infrequent or one-off products?

If you can demonstrate to us that, based on available information and experience, due care was taken when deciding target ABVs for new and/or infrequently produced qualities (and that all decisions, actions and so on. were properly recorded), we will accept the declared strength for duty purposes.

9.8 How will the accuracy of this system be checked by HMRC?

We will examine your results and your record of actions taken. Where the target strength coincides with the limit of a duty band, and where the results are consistently above target, we will ask you to demonstrate that action was taken to bring the process back into control or to change the declared ABV as soon as the problem was identified. If you have failed to take such action, an assessment will be raised for the additional duty due.

9.9 Do I use the same arrangements for measuring strength of wine which may be delivered under duty suspension?

Yes, because it is likely that the wine will subsequently be delivered on payment of duty, the same arrangements must apply for all wine you produce.

As it is the responsibility of the person holding the wine at the duty point to account for the duty, if you despatch packages in duty suspension on which the strength is understated, you must inform the consignee accordingly.

9.10 What happens if there is a dispute over the strength?

We may take samples of wine which will be analysed using the reference method described in section 26. The analysis result will establish the actual dutiable strength of the wine for legal purposes.

9.11 Receipts from outside the EU

Wine received from outside the EU must be accompanied by a VI form which states the actual strength of the wine. This strength may differ from that which is declared on the label. In these instances, duty must be paid on the actual strength of the product.

Further information on VI forms can be found in paragraph 24.2.

10. Duty reliefs - general information

10.1 What duty reliefs am I entitled to?

Natural losses and wastage and other legitimate causes for lost product are not liable to duty provided we are satisfied that they are **genuine** losses that are down to the production process.

There is also provision for duty relief on:

- accidental losses on licensed production premises - paragraph 11.2
- spoilt wine or wine otherwise unfit for use - see paragraphs 11.7 and section 13
- wine not exceeding 1.2 per cent ABV - see paragraph 5.6
- trade samples - see section 14
- wine for your own domestic consumption - see section 15, and
- customs duty paid on spirits, beer or wine imported from outside the EU and used in the UK production of wine or made-wine for export to non-EU countries. For further details, see **Notice 221 Inward Processing Relief**.

11. Irregularities, losses and deficiencies in licensed production premises

11.1 What are my responsibilities as a licensed wine producer?

As a licensed wine producer, you are responsible for the control of wine in your licensed premises. You must have the necessary systems in place to control and safeguard your stocks. You must examine critically all losses and deficiencies.

11.2 If I accidentally lose duty suspended wine, do I have to pay the duty?

No, providing we are satisfied that the wine has been lost in licensed premises and has not been consumed.

11.3 What records of losses do I have to keep?

You need to keep records of production and processing and these should indicate how much wine you lose during routine operations. For example, the losses you normally incur during packaging operations.

The following requirements have the force of law and are made under regulation 6 of the Revenue Trader (Accounts and Records) Regulations 1992.

For accidental losses you must record:

- the date and time the loss occurred
- the description (product name) and the volume of wine lost, and the alcoholic strength if the loss occurred after production had been completed
- vessels in which it was contained, and
- the reason why the accidental loss occurred.

11.4 What about unexplained losses?

If wine cannot be accounted for after the start of production, and there is no acceptable explanation, you are liable for duty on the missing wine. It is therefore in your own interest to keep proper records of all losses.

11.5 Can I offset stock losses against surpluses?

Yes, if you hold documentary evidence demonstrating that stock losses and surpluses are related. Your records must contain a clear audit trail to justify any adjustments to stock records following the discovery of errors. You must justify each offset. We do not allow you to accumulate losses and surpluses from various sources and then offset gross totals.

11.6 Losses of duty paid wine

Normally there is no duty relief in respect of wine which is lost after it has passed the duty point.

11.7 If duty suspended wine is spoilt, do I have to pay the duty?

No, providing we are satisfied that the wine has been unintentionally spoilt, contaminated or otherwise rendered unfit for consumption in the licensed production premises and has not been consumed. You may 'write off' the quantities concerned after you have recorded the information in your records and destroyed any spoilt product.

We may examine your records as part of our audit process. If we are not satisfied with your explanation and supporting evidence we will require you to pay the duty on the quantity previously 'written off'.

Remember that other legislation may apply when you destroy spoilt wine - for example, legislation on pollution.

11.8 What records of spoilt wine do I have to keep?

The following requirements have the force of law and are made under regulation 6 of the Revenue Trader (Accounts and Records) Regulations 1992.

You must record:

- the date and time of spoiling
- the destruction (product name) and the volume of wine spoilt and the alcoholic strength if the wine was spoilt after production has been completed
- the vessels in which it is or was contained
- the reason why the wine was spoilt.

11.9 May I destroy duty suspended wine without having to pay the duty if the wine is damaged or in a non-marketable condition?

Yes, as long as you follow the procedures in paragraphs 11.10 to 11.12.

11.10 What notice of destruction must I give?

You must give us at least five working days notice if you wish to destroy **duty suspended** wine outside your licensed premises. You must give details of the proposed method of destruction. You must satisfy us that your proposed process will destroy the intrinsic nature of the wine.

Working days excludes Saturdays, Sundays and public holidays.

11.11 What information must I give you?

You must tell us:

- why you wish to destroy the goods
- details of the goods
- the amount of duty involved
- where and when the proposed destruction will take place, and
- the method of destruction.

11.12 Are there any conditions for duty suspended wine destroyed away from licensed premises?

Yes. If the wine is removed from licensed premises to be destroyed at a specialist destruction site, the conditions below apply.

The following conditions have the force of law and are made under regulation 12(e) of the Wine and Made-wine Regulations 1989:

- there must be a complete audit trail which confirms the wine has been destroyed
- the destruction of the wine must be supervised by either:
 - an Authorised Company Representative (ACR) of the wine producer, or
 - a person within the specialist destruction company who has been appointed by the wine producer to supervise the destruction on their behalf. This person must be at management or supervisory level
- a Certificate must be obtained from the company as evidence of destruction.

12. Products for reprocessing

12.1 What if I want to re-ferment wine or residues which are still in my licensed premises?

You may re-ferment any wine or residues which are:

- taken from duty-unpaid stocks on your licensed premises, and
- added to a fermenting vessel in the course of preparing for fermentation and before wine is drawn off.

Enter the quantity of wine involved in your production records. Make sure your records are accurately and promptly updated with the details so that we can verify the quantities used in this manner.

12.2 What if I want to reprocess duty paid wine which has been returned to my licensed premises?

You may be eligible to claim a refund of the Excise duty paid on wine which has been returned to your licensed premises for reprocessing - see section 13.

13. Relief of duty on wine which has become spoilt or otherwise unfit for use

13.1 What if wine becomes lost or spoilt on my licensed premises?

We will not require you to pay duty on any wine which becomes accidentally lost or spoilt on your licensed premises - for further details, see section 11.

13.2 What if wine becomes spoilt or otherwise unfit for use after leaving my licensed premises, or being constructively removed?

Wine which you have removed from your licensed premises on payment of duty may later become unfit for use. You may claim a refund of the Excise duty paid on any wine returned to your premises provided the wine:

- was produced by you
- it has become spoilt or otherwise unfit for use, and
- has not undergone any further process or dilution since it left your premises.

13.3 Is any spoilt wine excluded?

The following are excluded:

- adulterated wine (that is, wine containing additions which we have not approved), and
- wine for which no satisfactory audit trail is available.

Note: if any wine becomes spoilt more than three years after the duty was paid on that wine, you cannot claim relief.

13.4 Do I have to destroy the spoilt wine to claim duty relief?

No, the spoilt wine may be either destroyed or reprocessed.

13.5 What does reprocessing include?

Reprocessing includes the following operations:

- the mixing of one wine with another (or others) on licensed premises, and
- the filtering or repasteurising of wine.

13.6 What must I do if I want to claim relief?

You must keep a spoilt wine record containing the particulars shown in paragraph 13.13.

13.7 When can I destroy spoilt wine?

Subject to any notice of destruction being required (see paragraphs 13.9 and 13.10), you may destroy spoilt wine at a time of your own choosing. **However, entitlement to reclaim duty on spoilt wine will depend on the conditions below being met.**

The following conditions have the force of law and are made under regulation 25(2) of the Wine and Made-wine Regulations 1989:

- a full audit trail is maintained
- requirements of other regulatory authorities are observed (for example, environmental), and
- proper control practices are maintained, including appropriate action at management and supervisory levels.

13.8 Additional conditions for reclaiming duty on wine destroyed away from licensed premises

The following conditions have the force of law and are made under regulation 25(2) of the Wine and Made-wine Regulations 1989:

- (a) Destructions in pub cellar

- there must be a complete audit trail which confirms the wine has been destroyed and that it was duty paid, and
- the destruction of the wine must be supervised by a responsible representative of the wine producer, for example, an Authorised Company Representative - ACR. The ACR must be appointed by the wine producer as an ACR in their records and be trained in that wine producer's requirements. This condition also applies to an ACR who supervises destructions for more than one wine producer.

Note: the requirements of other regulatory authorities must be observed.

(b) Destructions at specialist destruction sites

- there must be a complete audit trail which confirms the wine has been destroyed and that it was duty paid
- the destruction of the wine must be supervised by either:
 - an ACR of the wine producer, or
 - a person within the specialist destruction company who has been appointed by the wine producer to supervise the destruction on their behalf. This person must be at management or supervisory level.
- a Certificate must be obtained from the company as evidence of destruction.

(c) Spoilt wine relief will depend upon there being evidence of a full credit of the duty paid value, or replacement of the goods to your customer (or owner of the goods at the time they became spoilt).

13.9 Do I have to give notice of destruction?

Our officer will advise you if you need to give notice (see paragraph 13.10), otherwise you can destroy the wine whenever you wish.

13.10 What notice of destruction must I give?

If notice is required, you must give us at least:

- two working days notice if you wish to destroy wine in your licensed premises, or
- five working days notice if you wish to destroy wine outside your licensed premises.

You must give details of the proposed method of destruction.

Working days excludes Saturdays, Sundays and public holidays.

13.11 How must I destroy spoiled wine?

You must destroy wine in a way acceptable to us and which makes it unsaleable as a beverage.

13.12 How do I make a claim?

At the end of the accounting period, total the entries in your spoiled wine record of all wine destroyed or reprocessed and transfer the total to your wine duty account. When you submit your next monthly return, deduct the duty you are reclaiming by entering it against lines 23 to 32 on the reverse of the EX606 as appropriate and carry the total to line 36.

Remember, when auditing claims we examine your business records and any supporting evidence. If we are not satisfied with your explanation and supporting evidence, we will require you to repay the duty you claimed.

13.13 Particulars of the spoiled wine record

The following requirements have the force of law and are made under regulation 26(1)(d) of the Wine and Made-wine Regulations 1989.

When wine is either returned to the licensed premises for destruction or destroyed remotely, you must enter the following particulars in the destruction section of your spoiled wine record:

- the total volume of spoiled wine destroyed
- the strength of the spoiled wine destroyed
- the date and time of the destruction
- the place and method of destruction
- the volume and strength of the wine in each container from which the spoiled wine was directly destroyed
- evidence of the amount of duty charged or paid
- the amount of spoiled wine relief claimed
- the description of the wine returned by each purchaser in respect of which a claim is made
- the name and address of each purchaser, and
- the numbers and sizes of each container in which the wine was returned by each purchaser returning the wine.

When wine is returned for reprocessing, enter the following particulars in a reprocessing section of your spoiled wine record:

- the total volume of wine reprocessed
- the strength of the wine reprocessed
- the date and time the wine was returned for reprocessing
- the volume and strength of the wine in each container in which it was returned for processing

- evidence of the amount of duty charged or paid
- the amount of relief claimed
- the description of the wine returned by each purchaser in respect of which a claim is made
- the name and address of each purchaser, and
- the numbers and sizes of each container in which the wine was returned by each purchaser returning the wine.

Unless we allow a longer period, your spoilt wine record must be completed within one hour of reprocessing taking place.

At the end of the accounting period, total the entries in the spoilt wine record of all destroyed and reprocessed wine and transfer the total to your wine duty account for claiming relief on your wine duty return.

14. Samples

14.1 What duty-free samples can I take?

14.1.1 Production and reference samples

You may take these for analysis and organoleptic appreciation (but not consumption) provided you enter the quantities and reasons for removal in your samples records.

The samples should be used up in tests, destroyed or returned to process when you have finished with them.

14.1.2 Genuine 'trade samples'

You may take these provided you enter the quantities and reasons for removal in your samples records. Trade samples must:

- not be intended for consumption
- be restricted to quantities not exceeding 1 litre per product
- be clearly labelled 'NOT FOR SALE', and
- be supplied only to a wholesaler or distributor or to a potential trade customer.

There must be a genuine trade purpose for supplying the samples, for example, for analysis and tests to be carried out on the wine before purchase.

Wine used for promotions and for tasting at, for example, trade fairs, shows, exhibitions and supermarkets must be duty-paid.

If samples are not supplied free of charge then you must pay duty on them.

14.2 What duty-paid samples can I take?

You may take duty-paid samples for any business purpose. There is no restriction on size or on the number you take. You should pay duty in the normal manner and record details in your business records.

15. Duty on domestic consumption

15.1 Wine that you or your employees drink

If you are a grower or beekeeper who produces, or has produced for you, wine from your own fruit or honey, you may deliver from your premises duty-free approved quantities of wine for your own domestic consumption, or for drinking free of charge by your employees.

The term **grower** refers to a person who owns or leases vines for which he is responsible for the cultivation, nurturing and harvesting thereof. This need not be done personally, the grower may contract others to carry out the work for him, but he is responsible for the supervision of any contracted work.

The term **domestic consumption** means consumption or use by:

- the grower and the growers family or, in the case of a limited or public company, its directors, and
- the grower's employees and guests.

15.2 What is the entitlement to relief based on?

The entitlement is based on the quantity of wine produced in the preceding calendar year (January to December) and must not exceed the actual quantity produced.

So, if no wine is produced in the preceding calendar year there is no entitlement to domestic consumption. No part of your entitlement can be carried forward from one year to the next.

15.3 How do I work out domestic relief?

The maximum quantity which may be delivered for domestic drinking free of duty in any calendar year from January to December is:

(a) 5.5 hectolitres, plus

(b) 10 per cent of the quantity above 5.5 hectolitres produced in the preceding calendar year.

The total of (a) plus (b) must not be more than 11 hectolitres. Should the wine produced in the preceding year be less than 5.5 hectolitres, the maximum entitlement for relief will be limited to that actually produced.

If you wish to claim this relief, you must record your domestic consumption calculation in your business records before you remove your entitlement. You will be liable to pay duty on any quantity over claimed.

See also section 16 about Vine leasing.

15.4 Do I pay duty on wine I give to visitors?

As long as:

- no charge is made for admission to the premises
- no charge is made for the wine, and
- the wine is supplied by the glass and not in bottles or other take-away packaging.

you may regard the visitor as a guest and the drink consumed may be taken from your domestic consumption allowance.

16. Vine leasing for domestic consumption

16.1 What is vine leasing?

Vine leasing is when the owner of a vineyard leases a number of vines (or rows of vines) to an individual or group of individuals in order that they (the lessees) may receive the wine produced from the grapes of their leased vines.

16.2 Can lessees receive wine duty free?

Yes, provided it is for their own domestic use and there are no commercial considerations such as sale promotion agreements and so on.

You may be asked by our officer to produce contracts or agreements for inspection.

16.3 What rules must be observed for the lessee to be deemed to be a grower?

The lessee:

- *Must take responsibility for all the work on his vines such as the cultivation, nurturing, harvesting and present the grapes from only his own vines for vinification by a winemaker.

- May only receive wine produced from his own grapes.

*This need not be done personally, the lessee/grower may contract other to carry out the work for him, but he is responsible for the supervision of any contracted work.

16.4 What rules must be observed by the vineyard owner to permit lessees to receive wine duty free under this scheme?

The vineyard owner must:

- not attend to the cultivation, nurturing or harvesting of the leased vines unless he or his employees are separately contracted to do so by the lessee
- not supplement the harvest of any leased vines from any other source
- allow the lessee to take his grapes elsewhere for making into wine (vinification), and
- maintain records of each lessee and the quantity of grapes presented for vinification with relative dates and times.

Although the vineyard owner may make into wine the grapes from more than one lessee at the same time, each lessee must receive only that proportion of wine which relates to his grapes.

16.5 What happens if any of these rules are not observed?

If any of these rules are not observed, the wine produced will be liable to Excise duty.

17. Removals from wine premises

17.1 What removals must I pay duty on?

To summarise information from previous sections of this notice, duty must generally be paid on all removals from your licensed premises for the following purposes:

- for UK consumption (usually known as a removal to home use),
or
- when wine is constructively removed - see paragraph 5.12.

Duty must also be paid if:

- the wine has been lost
- other irregularities are discovered
- you are no longer licensed, and/or
- the premises in which you are holding wine cease to be licensed premises.

17.2 What removals can I make without paying duty?

Provided you comply with any conditions HMRC may impose, you may remove wine from your licensed premises without paying duty for the following purposes:

- exportation, removal to the Isle of Man or shipment as stores - see sections 18, 19 and 20
- supply to diplomats and visiting forces within the UK and to entitled organisations in other Member States - see section 21
- removal to another wine premises - see section 22
- deposit in an Excise warehouse - see section 23
- removal to the premises of a vinegar maker for use in making vinegar, or
- use as trade samples - see section 14.

You may also remove wine without paying duty, if it is for your own consumption, as long as the wine is produced from ingredients that you have grown - see section 15.

You must record all removals in your business records.

Any shortage in removal or transit will be charged with duty if you cannot give us a satisfactory explanation.

17.3 What security for duty do I need?

You will need financial security to guarantee the duty on wine in duty suspension for intra-Community movements.

The guarantee must be:

- valid throughout the Community, and
- sufficient to cover the full amount of potential duty on the wine - see [Notice 197 Excise goods: receipt into and removal from an excise warehouse of excise goods](#).

In certain circumstances, further guarantees may be required for the holding and movement of wine within the UK.

For further information on financial guarantees - see section 4.

17.4 What documentation is required?

All intra UK movements of wine will need to be submitted through the Excise Movement and Control System (EMCS) unless they qualify for the simplified procedures, see paragraph 22.2. An electronic administrative document (eAD) will have to be raised on EMCS before the movement can start. EMCS automatically allocates an Administrative Reference Code (ARC) that uniquely identifies the movement. The ARC will be on the printed copy of the eAD or should be noted on the commercial document and must travel with the goods. For further information on EMCS procedures, see [Notice 197 Excise goods: receipt into and removal from an excise warehouse of excise goods](#).

If movements of wine are under simplified procedures and are as described in first bullet point of paragraph 22.2, your normal commercial despatch documents will be suitable if they contain all the following information:

- the name and address of your premises
- a unique reference number
- the name and address of the premises you are sending the wine to
- the date of despatch
- a description of the wine, including the quantity, and
- a statement indicating that the wine is being moved in duty suspension.

If you have been paid or expect to be paid in cash for the supply of wine in duty suspension (or any service you provide in relation to wine in duty suspension), see section 27.

18. Removals of wine from licensed premises to other EU Member States

18.1 May I remove wine to other EU Member States?

All intra EU movements of wine will need to be submitted through EMCS. Please find more information about this system in [Notice 197 Excise goods: receipt into and removal from an excise warehouse of excise goods](#). You may remove either duty suspended or duty paid wine to other EU Member States, but the procedures and requirements are different.

18.2 What procedures must I follow to remove duty suspended wine to other Member States?

You must follow the detailed procedures set out in [Notice 197 Excise goods: receipt into and removal from an excise warehouse of excise goods](#) which include the following requirements:

- you must have financial security (guarantee) in place, the minimum level of security for movements is £20,000
- you must make sure that you are sending the wine to a warehouse or a registered consignee which the Fiscal Authorities in that Member State have approved to receive that type of wine
- you must access EMCS and raise an eAD before the movement starts and obtain an Administrative Reference Code (ARC) that will uniquely identify the movement, and
- you must receive a valid report of receipt confirming that the consignee received the wine.

18.3 May I send duty suspended wine to a non-licensed trader or private individual in another EU Member State?

If you are sending the wine direct to a non-registered trader then you must make sure that the duty is paid prior to the wine leaving your licensed premises. You may be able to reclaim the duty as drawback - see paragraph 18.4.

If the non-registered trader appoints an agent who is authorised to receive duty suspended excise goods, then duty does not need to be paid. However, the movement must be submitted through EMCS, with the agent shown as the consignee on the eAD.

If you are sending the wine to a private individual (rather than a trader) this is known as distance selling. You must make sure that the duty is paid prior to the wine leaving your licensed premises. You may be able to reclaim the duty as drawback - see paragraph 18.4. Additionally, you, as the seller, are responsible for ensuring that the duty is paid in the Member State of destination. Further information on distance selling can be found in [Notice 197 Excise goods: receipt into and removal from an excise warehouse of excise goods](#).

18.4 May I despatch duty paid wine to other EU Member States?

Yes. Excise duty is due on wine which is, or will be, consumed in the UK. If you despatch UK duty paid wine to a licensed or non-licensed trader or private individual in another EU Member State, provided certain conditions are met, you may reclaim this duty under the Excise Duty drawback system. For further details, see [Notice 207 Excise duty: drawback](#).

Drawback is a relief which provides for the repayment of Excise duty paid goods that have not and will not be consumed in the UK.

19. Exports of wine to non-EU countries

19.1 What procedures must I follow in order to export duty suspended wine to non-EU countries?

You must follow the procedures set out in Notice 197 when you are consigning duty suspended wine from the UK to non-EU countries either directly (known as 'direct exports') via a UK port or airport, or indirectly (known as 'indirect exports') by transiting another Member State.

All movements of wine must be submitted through EMCS and be covered by a movement guarantee (for indirect exports, this also includes the part of the journey from registered premises to the UK port or airport of departure).

Guidance on EMCS including completion of an eAD and movement guarantees, can be found in [Notice 197 Excise goods: receipt into and removal from an excise warehouse of excise goods](#).

For information on Customs requirements, see [Notice 275 Export procedures](#).

19.2 What Customs declaration do I use?

You must complete an Export Declaration. Information and guidance is contained in the Tariff, Volume 3, parts 1 and 2.

19.3 What evidence of export must I obtain?

Providing the correct procedures have been followed for exports (direct and indirect) to non-EU countries using EMCS, HMRC will send you a report of export via EMCS which discharges the movement. Where no report of export is given for any reason, HMRC will issue a report of rejected export (an IE839 message). On receipt of an IE839 message, you may be requested to provide alternative evidence of export as shown in [Notice 197 Excise goods: receipt into and removal from an excise warehouse of excise goods](#).

For direct exports made using Local Clearance Procedures (LCP) from your premises (see paragraph 22.2), you should receive a 'departure message' from CHIEF (Customs Handling of Import and Export Freight) which should be retained as proof of export.

You may be liable for duty if you cannot produce evidence that wine removed from your premises has been exported from the UK or via another Member State.

Further information on reports of export, CHIEF departure messages and alternative evidence of export can be found in [Notice 197 Excise goods: receipt into and removal from an excise warehouse of excise goods](#).

19.4 May I export duty paid wine to non-EU countries?

Yes. If you export duty paid wine to a non-EU country, provided certain conditions are met, you may reclaim the duty under the Excise Duty Drawback system. For further details, see [Notice 207 Excise duty: drawback](#). To reclaim the duty, you must be able to produce evidence that the wine left the EU.

20. Removal of goods to HM Ships and as ships' stores

20.1 Removing wine to HM Ships.

HMRC allows certain HM Ships to receive wine free from excise (and customs) duty. These removals are treated as exports, with the point of exportation being the delivery of the wine to the ship.

Movements to HM Ships are not considered to be in duty suspension and, therefore, do not move under EMCS procedures. You must complete commercial documentation for the removal of wine from your premises.

You will find more information on this and the procedures to follow in [Notice 197 Excise goods: receipt into and removal from an excise warehouse of excise goods](#).

20.2 Removing wine as ships stores.

You may remove wine from your premises to be shipped as stores on board ships within the UK.

These movements are not considered to be in duty suspension but supplied under relief and, therefore, do not move under EMCS procedures.

The ship's master must seek prior authorisation from HMRC to load new stores onto his vessel. This authorisation is granted on form C945. You should ask to see a copy of this form and keep a photocopy for your records.

You must complete commercial documentation for the removal of wine from your premises. Section 14.5 of Notice 197 gives details of the information required on the document.

You must satisfy us that the wine has been shipped as stores.

21. Supplies to diplomats and visiting forces within the UK and to entitled organisations in other Member States

21.1 Supplying duty suspended wine to diplomats and visiting forces within the UK.

You must have an official authorisation for the delivery of the wine. You must complete specific documentation for the removal of wine from your premises. You will find more information in [Notice 431 Visiting forces](#) and [Notice 197 Excise goods: receipt into and removal from an excise warehouse of excise goods](#).

21.2 Supplying duty suspended wine to entitled organisations in other Member States.

You must obtain an order together with an exemption certificate when supplying wine in duty suspension to entitled international organisations, embassies and forces located elsewhere in the EU. You must use EMCS for the removal of wine from your premises. You will find more information on this and the procedures to follow in [Notice 197 Excise goods: receipt into and removal from an excise warehouse of excise goods](#).

22. Removals of wine from one licensed premises to another without payment of duty

22.1 Can I remove wine to other licensed premises without payment of duty?

All intra UK movements of wine will need to be submitted through EMCS unless they qualify for the simplification procedures - see paragraph 22.2.

You may only remove wine:

- to another licensed winery for:
 - blending or mixing with other alcoholic or non-alcoholic ingredients
 - conditioning and bottling or keggling
 - rendering sparkling, or
 - destruction
- apple and pear wine to a registered cider maker for:
 - making cider or perry
 - conditioning and bottling or keggling, or
 - rendering sparkling.

You will be responsible for the duty on the wine until you receive a receipt. The receiving wine producer or cider maker must:

- complete a report of receipt, if the movement is submitted through EMCS, or
- sign the wine duty receipt (for example, the delivery note) if under simplified procedures.

The receiving wine producer or cider maker must issue a receipt within five days of the date of receipt of the wine in their licensed or registered premises. If you do not receive a receipt, you should contact them. If you fail to obtain a receipt within four months, you will be liable for the duty due on the wine. If you subsequently receive a receipt, you may credit your duty account with the appropriate amount of duty.

When wine is delivered to home-use from the receiving winery, duty will become due. Duty must be paid by the producer who finally delivers the wine to home use.

Finished or packaged wine must not be moved, without payment of duty, from one set of licensed premises to another, with the following exceptions:

- bottlers/packagers may return wine to the premises from which it was received

- wine may be delivered to a commercial grower, licensed as a wine producer, provided you have produced the wine on their behalf as per paragraph 3.3.

22.2 What are the new simplification procedures?

Simplification procedures apply to certain UK movements and allows for wine to be moved under duty suspension using commercial documentation or Customs documentation instead of EMCS. These procedures are limited to:

- wine moving between UK licensed wine producers or 3rd party packagers or excise warehouses approved to receive and store the wine. Ownership of the wine must remain with the producer during the course of the movement, or
- movements for **direct export only** from the UK where the dispatching wine producer is authorised for Local Clearance Procedures (LCP) and can provide a full customs export declaration. Movement guarantee details must be shown on the declaration. Further information can be found in Notice 197.

If movements do not meet the above criteria, then it will be necessary to use EMCS.

22.3 What is a finished and packaged product?

This is any product which is canned, bottled or otherwise packaged and products which will not undergo any further process of production.

23. Removal of wine to an Excise warehouse

23.1 What if I want to remove wine to an Excise warehouse?

All intra UK movements of wine will need to be submitted through EMCS unless they qualify for the simplification procedures.

You may remove wine, without payment of duty, to an Excise warehouse (approved under Section 92 of the Customs and Excise Management Act 1979) for the following purposes:

- fortification
- export, shipment as stores or removal to the Isle of Man
- use in the manufacture of goods allowed to be produced in an Excise warehouse

- bottling
- storage and subsequent delivery to
 - home-use
 - another warehouse
- rendering sparkling.

After fortifying, bottling or rendering sparkling, the wine may be returned to your winery.

In the case of finished and packaged product, each package must carry a satisfactory identifying mark and number. Containers must be full, and each case must hold containers of uniform size.

23.2 What document must accompany the wine?

If the movement is under EMCS, an eAD will have to be raised on EMCS before the movement can start. EMCS automatically allocates an ARC that uniquely identifies the movement. The ARC will be on the printed copy of the eAD or should be noted on the commercial document and must travel with the goods.

If the movement is under simplified procedures and is as described in first bullet point of paragraph 22.2, your normal commercial despatch documents will be suitable if they contain all the following information:

- the description of the wine
- its alcoholic strength
- details of the quantity contained in each package (and if appropriate, the capacity of each container), and
- the total quantity sent.

Keep a copy of the despatch document, and the warehouse keeper's receipt, for your own records. For further details on the procedures for inter-warehouse removals see [Notice 197 Excise goods: receipt into and removal from an excise warehouse of excise goods](#).

24. Receipt of wine in licensed premises

24.1 Wine received into your licensed premises from other licensed premises or Excise warehouses

All intra UK movements of wine will need to be submitted through EMCS unless they qualify for the simplification procedures.

On receipt of wine you must:

- inspect the delivery vehicle to make sure that it is secure and any locks and seals are intact
- examine all containers and so on. externally for signs of damage
- check the delivery against the document accompanying the wine
- issue a receipt within five days of the wine being received. If movement under EMCS, this will be a report of receipt or, if under simplified procedures, a certificate of receipt (for example, copy of delivery note) signed by an authorised person
- record issue of the receipt
- enter the quantity received into your stock records, and
- keep the accompanying document.

If you discover a discrepancy between the wine received and the accompanying document, you must issue a receipt only for the wine you actually receive. Show the discrepancy clearly on the certificate of receipt or include an inventory of the shortage or loss in the report of receipt.

The wine received becomes part of your stock and is subject to the same rules as the product you produce on your licensed premises.

Remember, if you are not approved as an Excise warehouse, you can only receive wine in a ready for sale state if you produced it yourself, or if you are a commercial grower who is licensed as a wine producer, and the wine in question has been produced on your behalf (see paragraph 3.3).

24.2 Receipts from outside the EU - VI forms

A VI 1 form must accompany wine consignments from outside the EU. Responsibility for completion rests with the consignor and the authorised agency in the country of origin.

A VI 2 form is used when consignments of wine from non-EU countries are subsequently split for sending to different destinations within the EU. You can obtain form VI 2 from our Helpline, on Tel 0300 200 3700. Once the VI 2 form is completed, it should be retained and presented to visiting HMRC officers to endorse and stamp the form.

The Wine Standards Branch (WSB), which is part of the Food Standards Agency, publishes a 'Brief introduction to the Common Agricultural Policy Wine Regulations of the European Community (EC)' setting out requirements for documentation, composition, description and presentation. For further information, go to [Food Standards Agency](#).

25. Trade facility warehouses

25.1 What is a trade facility warehouse?

A trade facility warehouse is an Excise warehouse approved under the Customs and Excise Management Act 1979 section 92(1). You will need a trade facility warehouse approval, in addition to your winery licence, if you wish to receive and store duty free:

- spirits for fortifying, or
- beer, cider or imported wine for use in the production of wine or made-wine.

HMRC will restrict any approval as a trade facility warehouse to the specific trade need as detailed on your application. For further details on approval of premises and HMRC requirements, see [Notice 196 Excise Goods: Authorisation of warehouse keepers, Approval of Premises and Registration of owners](#).

25.2 Physical security required in a trade facility warehouse

You may be required to provide a secure compartment for the storage of dutiable materials. The entrance door and any approved compartments must be secured in accordance with the requirements for warehousing premises - see [Notice 196 Excise Goods: Authorisation of warehouse keepers, Approval of Premises and Registration of owners](#).

25.3 Do I require a guarantee as security for duty?

To have part of your winery approved as a trade facility warehouse, you will be required to obtain a guarantee - see [Notice 196 Excise Goods: Authorisation of warehouse keepers, Approval of Premises and Registration of owners](#).

25.4 How do I deal with receipts into warehouse?

The deposit of goods in a trade facility warehouse is governed by the Excise Warehousing (Etc.) Regulations 1988 (SI 1988/809). Any Customs duty due on imported materials to be used in the production of wine must have been accounted for before receipt into the trade facility warehouse (but see paragraph 10.1 about Inward Processing Relief).

The procedure and requirements set out in paragraph 24.1 of this notice and in [Notice 197 Excise goods: receipt into and removal from an excise warehouse of excise goods](#) apply to the receipt of all eligible goods deposited in a trade facility warehouse.

You must keep a record of all receipts and usage of goods deposited in warehouse.

25.5 Conditions and restrictions to operations in trade facility warehouses

You must follow the general procedures set out in [Notice 197 Excise goods: receipt into and removal from an excise warehouse of excise goods](#) for operations in a trade facility warehouse. We will notify you of any restrictions or conditions on your operations or the way you conduct them.

You may fortify wine in your trade facility warehouse if it has been:

- produced in your winery, or
- received from another winery without payment of duty.

25.6 What notice of operations must I give?

Unless we inform you in writing to the contrary, you may commence operations as soon as you have recorded what you intend to do in your production records.

25.7 Classification and duty liability of products

25.7.1 Conditions or restrictions on the fortification of wine or made-wine

Fortification of wine (including UK produced wine) is governed by EC Regulations which are administered by the Department for Environment Food and Rural Affairs (Defra). It may be necessary to consult Defra before we can approve your application.

You can fortify wine or made-wine with added alcohol, provided the final strength of the fortified wine or made-wine does not exceed 22 per cent ABV and the resulting product would not be classified as a spirit under the Integrated Tariff of the United Kingdom (Combined Nomenclature). If you fortify wine or made-wine to a strength above 22 per cent, or the resulting product would fall to be treated as a spirit under the Tariff, then the product will be dutied in line with the spirits rate.

25.7.2 How will I know if my product would be classified as a spirit under the UK Tariff?

A fermented beverage to which distilled alcohol has been added will remain classifiable as a fermented beverage if it retains the character of a fermented beverage. If it does not, it must be classified as a spirituous beverage.

Formerly, in classifying such products, we applied the 'three-stage' test, which looked at:

- whether the fermented beverage or the added spirit accounted for more of the overall volume of the product
- whether the fermented beverage or the added spirit accounted for more of the alcohol content
- whether the external characteristics of the product (for example, its taste, presentation and labelling) were those of a fermented or spirituous beverage.

If the answers to two or more of the questions were 'the fermented beverage', the beverage was to be classified as a fermented beverage. Otherwise, it fell to be classified as a spirituous beverage.

HMRC still have regard to these three factors but in a less rigid way, looking at them 'in the round'. In most cases, if a product 'ticks two boxes', that will settle the question as before. However, there will be some cases in which it will not. For example, a product might derive slightly more of its volume and alcoholic strength from the fermented beverage, but taste and smell overwhelmingly like a spirituous beverage and be marketed as such. In such a case, the product will be classified as a spirituous liquor. Conversely, if a product tastes and smells very much like a fermented beverage, and is marketed as a fermented beverage, it will not matter that the added spirit might slightly predominate in terms of overall volume and alcohol content.

Note: if the beverage has already been fortified, the spirituous liquor used in the fortification counts towards the total contribution of spirituous liquor.

25.7.3 Taste tests

Where we think it necessary, we will carry out taste tests whenever we need to make a decision about the proper classification of a product of this kind. All such tests are carried out by a UKAS-accredited laboratory approved by HMRC and in accordance with approved methods designed to give the most objective results. If we perform a test, you will then need to provide us with samples of the product. You can get information about tests and samples from the Tariff Classification Advice Line on **01702 366077**.

25.7.4 Are there any exceptions to these tests?

We do not carry out tests if it is clear that the finished product would fall under the Combined Nomenclature headings 2204 or 2205, detailed in Volume 2, Part 2 of the UK Tariff.

25.7.5 Do I need to obtain a Binding Tariff Information (BTI)?

A BTI is a written decision on the proper tariff classification of a product. It is given by HMRC on application, provided that it relates to an import or export actually in contemplation. The application must be made to the Tariff Classification Service on form C103 and you should provide with it samples of the product, as described above. A BTI is legally binding on HMRC and all other customs authorities in the European Union for six years from the date of issue (although in some circumstances it may be revoked or annulled before then). However, you are under no obligation to obtain a BTI and you should find it possible to work out for yourself how your products should be classified by reading the tariff and consulting the guidance in this notice. You may also seek advice from the Tariff Classification Advice Line. It is important to be aware that tariff classification does not always govern excise duty liability and that other countries in the European Union may apply a different rate of excise duty to your product.

Further guidance about the procedures for tariff classification can be found on our website, go to hmrc.gov.uk.

25.8 Records

In all cases you should maintain records giving the full product specification, the step-by-step manufacturing process and any labelling and marketing material as well as a clear audit trail showing how the decision on the duty liability of the product has been arrived at. This must include the detail of the calculations you have made to decide how your product should be classified - see paragraph 25.7.

25.9 Do I need any additional authorisations?

Besides your warehouse authorisation, you will require to be licensed as a compounder if the products you are manufacturing are compounded spirits - see [information sheet \(excise info sheet 11/12 Authorisation requirements for rectifiers and compounders of spirits\)](#).

25.10 Can I mix wine or made-wine with beer?

You can, but **only** in a trade facility warehouse. If the alcoholic strength of such mixtures does not exceed 5.5 per cent ABV, the mixtures do not contain any spirits and the predominant ingredient is beer, they will attract the beer rate of duty. Mixtures exceeding 5.5 per cent ABV that do not contain spirits are chargeable with duty as made-wines at the rate appropriate to their strength band.

25.11 Accounting for duty

For products classified as made-wines, duty is paid in the normal way on your EX606.

For those classified as beer or spirits, duty is accounted for on form [W5 Excise warehouse - remittance advice for alcohol goods](#) or [W5D Excise warehouse - deferment advice for alcohol goods](#).

25.12 Do I need to complete a stock return?

Yes. All Excise warehouse keepers must submit:

- stock returns, and
- any schedules and further information which we require relating to the goods.

on a monthly basis.

The authorised warehouse keeper (the warehouse proprietor, a partner, or if a company, a director or company secretary) must certify each return as true and complete.

More information on stock records and stock returns for Excise warehouses can be found in [Notice 197 Excise goods: receipt into and removal from an excise warehouse of excise goods](#).

26. Distillation analysis: method of determining the strength of Wine

This method is referred to in section 9.

If there is a dispute over strength our officer may take samples of wine which will be analysed using the following method:

- take a representative sample and, after clearing it of sediment and gas in an approved manner, a definite quantity by measure at the temperature of 20°Centigrade is made alkaline by the addition of calcium hydroxide, and then distilled
- make up the distillate at the temperature of 20°Centigrade with distilled water to the original measure of the quantity before distillation
- ascertain the strength of the distillate by determining its density in air at the temperature of 20°Centigrade by means of an approved pycnometer used in an approved manner and
- the strength of product is the percentage of alcohol by volume in the 'Laboratory Alcohol Table'* which corresponds to the density determined by this method. Where the density falls between two consecutive numbers in the table the strength will be determined by linear interpolation.

Where the result ascertained by this method is rendered inaccurate by the presence of substances other than alcohol, that method shall be adjusted in such a manner as may be approved by HMRC for the purpose of producing an accurate result.

* 'Laboratory Alcohol Table' means a table of which a copy, signed by the Chairman of the Commissioners and identifying it as relating to the Spirits Regulations 1991, has been deposited in the office of the Queen's Remembrancer at the Royal Courts of Justice.

27. Notification of cash transactions

27.1 Do I need to notify you if I am paid in cash for the supply of wine?

As a licensed wine producer, you are required to notify us if you have been paid, or expect to be paid, in cash for the supply of duty suspended wine exceeding £9,000 (or equivalent in other currencies).

27.2 How do I notify of supply?

You must complete form [W7 Notification of cash payments](#) which can be found on our website, go to hmrc.gov.uk. For information on completion of the W7, please refer to the explanatory notes on the reverse of the form.

You must send the completed form by fax or email to the:

National Warrant Processing Unit

Fax: 0131 469 7321

Email: [Warrant Processing Unit](#)

If you are paid, or expect to be paid, in two or more instalments, which individually are below the £9,000 notification threshold but in total will exceed this amount, you must also notify us on form W7 when the first cash payment is received.

Provided you have notified the transaction to us, you do not need to wait for us to respond to receipt of the W7 before removing duty suspended wine to other licensed premises, Excise warehouses or Member States.

You are also required to notify us of any cash payments received (exceeding £9,000) for any service you provide relating to duty suspended wine, for example, storage facilities, handling charges, packaging of wine or use of an Excise movement guarantee.

28. Application for a licence to carry on an Excise Trade

[L 5 - Application for a licence to carry on an excise trade.](#)

(Referred to in section 3)

29. Review and appeal procedures

29.1 What if I disagree with any decision you make about my affairs?

When we make a decision that you can appeal against, we will tell you and offer you a review. We will explain the decision and tell you what you need to do if you disagree.

For example with:

- the amount of an assessment
- the issue of a civil penalty, or
- a decision specifically connected to the relevant duty.

You will usually have three options. Within 30 days you can:

- send new information or arguments to the officer you have been dealing with
- have your case reviewed by a different officer, or

- have your case heard by an independent tribunal.

A review will be handled by a different officer from the one who made the decision. If you prefer to have an independent tribunal hear your case, you must write directly to the Tribunals Service.

29.2 Is there a time limit to ask for a review?

Yes. If you want us to review a decision, you must write to the person who issued the decision letter, within 30 days of the date of that letter.

We will complete our review within 45 days, unless we agree another time with you.

You cannot ask the tribunal to hear your case until the 45 days (or the time we agreed with you) has expired, or we have told you the outcome of the review.

If you are not satisfied with the review's conclusion, you have 30 days within which to ask the tribunal to hear your case.

If we cannot complete our review within 45 days, or any time we agreed with you, we will ask you whether you are willing to agree to an extension so that we can complete the review. If you do not agree to an extension, the review is treated as concluding that the decision being reviewed is upheld.

We will write and tell you this; you then have 30 days from the date of that letter to ask the tribunal to hear your case.

29.3 What must I include in my request for review?

Your request should set out clearly the full details of your case, the reasons why you disagree with us and provide any supporting documentation. You should also state what result you expect from our review.

29.4 What if I do not want a review?

If you do not want a review, you may appeal to the independent tribunal. You need to send your appeal to the Tribunals Service within 30 days of the date on the decision letter.

29.5 Where can I get more information?

You can find further information about reviews and appeals in fact sheet HMRC1 HMRC Decisions - What to do if you disagree. You can get this fact sheet on our website, go to hmrc.gov.uk or by phoning the Orderline on 0845 900 0404.

You can also find more information about how to appeal on the Tribunals Service website at [Tribunals Service](#) or by phoning 0845 223 8080.

30. Glossary

| Terms | Description |
|--------------------------------|---|
| ABV | Alcohol by volume (see alcoholic strength). |
| Accounting period | A calendar month, or such other period as may be authorised. |
| Alcoholic strength (by volume) | Ratio of the volume of ethyl alcohol contained in any liquor to the volume of liquor, including the alcohol (expressed as a percentage to one decimal place). |
| ALDA | The Alcoholic Liquor Duties Act 1979 |
| ARC | Administrative Reference Code. A unique reference that identifies the movement on EMCS. |
| Authorised warehouse keeper | Occupier or operator of a tax warehouse (see definition of tax warehouse). |
| CHIEF | Customs Handling of Import and Export Freight |
| Cider | <p>Cider or perry which is:</p> <ul style="list-style-type: none"> • of a strength exceeding 1.2% ABV but less than 8.5% ABV (at a temperature of 20°C), and • obtained from fermenting apple or pear juice without at any time adding: <ul style="list-style-type: none"> - any alcoholic liquor, or - any liquor or substance which gives colour or flavour, unless the Commissioners allow them as being necessary for the production of cider. <p>In addition, from 1 September 2010, the cider definition was extended to provide that 'the pre-fermentation mixture satisfied the pre-fermentation requirement' and the cider 'satisfies the final product juice requirement' - for further details, see Notice 162 cider production.</p> |

| | |
|-----------------------------|--|
| Customs duty | Charges on imported goods levied under the Common Customs Tariff of the European Union (EU), any other charges having equivalent effect and agricultural levy. |
| Duty point | The time when the duty becomes payable, whether or not payment is deferred. |
| Duty suspension | An arrangement, which allows goods liable to Excise duty to be produced, processed, held, received and despatched without payment of duty. |
| eAD | Electronic administrative document |
| EMCS | Excise Movement and Control System |
| Excise duty | The duty charged on <ul style="list-style-type: none"> • wine under ALDA Section 54, and • made-wine under Section 55. |
| Excise warehouse | A place approved by HMRC under the Customs and Excise Management Act 1979 Section 92 for the storage of goods on which Excise duty is suspended. |
| Fortification | The mixing of wine or made-wine with spirits under Sections 57 or 58 of ALDA. |
| Grower | The person(s) who own or lease vines and nurture, pick and generally look after the fruit. |
| Hectolitre | One hundred litres. |
| Large pack | Containers in excess of 10 litres (casks and kegs) |
| Licensed wine producer | A person who produces wine on any premises in the UK licensed under ALDA Section 54(2) in respect of those premises. |
| Licensed wine premises | Any premises in respect of which a licensed wine producer is licensed under ALDA Section 54(2). |
| Licensed made-wine producer | A person who produces made-wine on any premises in the UK licensed under |

| | |
|-----------------------------|---|
| | ALDA Section 55(2) in respect of those premises. |
| Licensed made-wine premises | Any premises in respect of which a licensed made-wine producer is licensed under ALDA Section 55(2). |
| Made-wine | Any liquor obtained from fermentation, or by mixing any liquor or substance with the product of alcoholic fermentation, which is not wine, beer, cider or spirits. |
| Our officer | An officer of HMRC |
| Package | To put wine into tanks, bottles or any other receptacles of a kind in which wine or made-wine is distributed to wholesalers or retailers. |
| Product | A description of wine according to its brand name, package size and alcoholic strength. |
| Rendering sparkling | <ul style="list-style-type: none"> • it has an alcoholic strength in excess of 5.5% ABV, and as a result of any process: • it is held in a closed bottle and has a pressure, due to carbon dioxide, at 20°C of not less than 3.0 bars above atmospheric pressure, or • regardless of pressure it is held in a closed bottle which has a mushroom stopper held in place by a tie or fastening. |
| Small pack | Containers of 10 litres or less (bottles and cans). |
| Spirits (anything over 22%) | Spirits of any description (other than denatured alcohol) including all liquors mixed with spirits, and all mixtures, compounds or preparations made with spirits. |
| Still wine | Any wine which has not been rendered sparkling (see above). |
| Strength | Alcoholic strength. |

| | |
|--------------------------|---|
| Tariff | Integrated Tariff of the United Kingdom. |
| Tax Warehouse | Premises in which Excise goods may be produced, processed, held, received and despatched under duty suspension. Licensed premises and Excise warehouses are tax warehouses. |
| Trade facility warehouse | A warehouse approved under the Customs and Excise Management Act 1979 for specific purposes as per Notice 196 Excise goods: authorisation of warehouse keepers, approval of premises and registration of owners. |
| Wine | Any liquor obtained from the alcoholic fermentation of fresh grapes or the must (juice) of fresh grapes, whether or not the liquor is: <ul style="list-style-type: none">• fortified with spirits, or• flavoured with aromatic extracts. The European Community Wine Regulations require wine to be made of fresh grapes, originating from within the European Community. They also specify how the wine is to be manufactured and marketed. |
| Widget | Device inserted into cans and bottles which recreates the effect of draught wine or made-wine when it is poured. |

Your rights and obligations

Your Charter explains what you can expect from us and what we can expect from you. For more information go to [Your Charter](#).

Do you have any comments or suggestions?

If you have any comments or suggestions to make about this notice, please write to:

HM Revenue & Customs
Alcohol Team
3rd floor West, Ralli Quays
3 Stanley Street
Salford
M60 9LA

Please note this address is not for general enquiries.

For your general enquiries please phone our Helpline 0300 200 3700.

Putting things right

If you are unhappy with our service, please contact the person or office you have been dealing with. They will try to put things right. If you are still unhappy, they will tell you how to complain.

If you want to know more about making a complaint go to hmrc.gov.uk and under quick links, select Complaints and appeals.

How we use your information

HMRC is a Data Controller under the Data Protection Act 1998. We hold information for the purposes specified in our notification to the Information Commissioner, including the assessment and collection of tax and duties, the payment of benefits and the prevention and detection of crime, and may use this information for any of them.

We may get information about you from others, or we may give information to them. If we do, it will only be as the law permits to:

- check the accuracy of information
- prevent or detect crime
- protect public funds.

We may check information we receive about you with what is already in our records. This can include information provided by you, as well as by others, such as other government departments or agencies and overseas tax and customs authorities. We will not give information to anyone outside HMRC unless the law permits us to do so. For more information go to hmrc.gov.uk and look for Data Protection Act within the Search facility.