

B-C-786 Instructions Wineries, Wine Shipper Permittees, and Nonresident Wine Vendors Excise Tax Return Instructions

Wineries, wine shipper permittees, and nonresident wine vendors are required to file this form to report sales made to wholesale and retail customers during the taxable period and to report and pay the excise tax due. Nonresident wineries must obtain a wine shipper permit from the Alcoholic Beverage Control Commission and register with the Department of Revenue prior to shipping wine directly to consumers. Nonresident wine shippers must obtain a nonresident wine vendor permit for the Alcoholic Beverage Control Commission and register with the Department of Revenue prior to selling wine directly to North Carolina resident wholesalers or importers.

Form B-C-786 must be filed annually, with remittance, on or before the 15 day of the first month of the following calendar year for which the tax accrues by all wine shipper permittees. **Your check or money order must be in the form of U.S. currency from a domestic bank.** If there is no activity for the calendar year, a return marked “**No Transactions**” must be filed. Records must be maintained for three years for audit purposes.

List required information for all unfortified and fortified wine sales for all product sold during the calendar year. If additional space is needed, attach a supplemental schedule listing requested information and enter the total liters sold for each Part in the space provided.

Part 2. Liters Sold to North Carolina Customers Pursuant to Wine Shipper Permit

Report all sales to North Carolina customers made pursuant to a wine shipper permit. Enter the total number of liters reported in this section on Part 1, Line 1.

Part 3. Liters Sold on Premises of Resident Wineries and/or to Retailers

Resident wineries report all on-premise sales and sales to retailers. Enter the total number of liters reported in this section on Part 1, Line 2.

Part 4. Liters Sold to Wholesalers on Which Winery Elects to Pay Tax

Resident wineries report all sales to North Carolina wholesalers on which the winery has elected to pay the excise tax. Enter the total number of liters reported in this section on Part 1, Line 3. **Important. Liters sold for which wholesaler is responsible for payment of the excise tax must be reported in Part 5.**

Part 5. Liters Sold to Wholesalers in North Carolina Non-Tax-Paid

Resident wineries and nonresident wine vendors report all sales to wholesalers in North Carolina for which the wholesaler is responsible for payment of the excise tax. **Copies of sales invoices must be maintained for three years for audit purposes.**

Allowable Deductions include sales made to out-of-state purchasers for resale outside the State, product destroyed while in the hands of a common carrier between the winery and the purchaser when paid for by the common carrier, and product given free of charge to customers, visitors, and employees on the manufacturer's licensed premises for consumption on those premises (only if reported in Part 1, Line 2). Taxpayers claiming any of these deductions must provide copies of the sales invoices for sales to out-of-state purchasers and satisfactory explanations of destroyed product including the description and amount of wine destroyed, copies of sales invoices and other documentation, such as credit memorandums and bills of lading. Failure to provide documentation will result in disallowance of deductions.

Wholesalers or importers liable for the excise tax on alcoholic beverages are allowed a two percent (2%) discount from the excise tax amount due if the return is filed and the tax is paid by the due date. If the return and payment are not submitted timely, the discount deduction will be disallowed.

A failure to file penalty will be assessed when returns are not received by the due date of the return, based on the amount of tax due of the return. A five percent (5%) penalty up to twenty-five percent (25%) maximum penalty will be assessed for each month the return is late. A failure to pay penalty of ten percent (10%) of the amount of tax due will be assessed when the payment is not received by the due date of the return. In addition, interest will be charged at a daily rate from the date the tax is due until the date the tax is paid. The interest is subject to change every six months; therefore, the rates should be verified on the Department's website at www.ncdor.gov.