

## Application of Wholesale Wine Gallonage Tax to Winery Direct Shippers

### Wholesale Wine Gallonage Tax

The wholesale wine gallonage tax is levied on the sale or distribution by sale or gift of wine in this state. The tax rate is \$1.21 per gallon of wine. The Tennessee wine gallonage tax does not apply to the sale, gift, or distribution of any wine manufactured, sold, given away, or distributed and used solely for sacramental purposes.

The tax is generally paid by any wholesaler who imports alcoholic beverages into this state, or who receives alcoholic beverages manufactured in this state, for eventual retail sale. By statute, manufacturers are exempt from Tennessee wine gallonage tax on all out of state shipments made to persons holding permits to sell alcoholic beverages.

### Tennessee Winery Direct Shipper Authority

Winery direct shippers are authorized to make sales and delivery of wine by common carrier to citizens of Tennessee who have purchased the wine directly from the winery direct shipper.

Because winery direct shippers do not utilize a wholesaler, winery direct shippers are responsible for remitting Tennessee sales tax and Tennessee wine gallonage tax on Tennessee sales.

### Tennessee Wholesale Wine Gallonage Tax Only Applies to Tennessee Sales

While the Tennessee winery direct shipper law requires winery direct shippers to remit Tennessee wine gallonage tax on Tennessee sales, the wine gallonage tax does not apply to non-Tennessee sales.

Any tax consequences for those sales would be governed by the state where the sale occurs.

### Winery Direct Shippers Must Maintain Documentation

All winery direct shippers must establish and maintain records that are adequate for auditors to determine whether or not a sale occurs in Tennessee.

### For More Information

Visit [www.tn.gov/revenue](http://www.tn.gov/revenue). Click on Revenue Help to search for answers or to submit an information request to one of our agents.

### References

Tenn. Code Ann. §§ 57-3-217, 57-3-302, 57-3-303.