

Process for Handling Reimbursements for Festival Tasting Wine

In order to be compliant with ABC law, all wine used for tastings at a festival must be sold to the non-profit who has obtained a banquet permit for the event. Sales tax is due (and must be remitted) on these transactions unless an exemption certificate or tax exempt certificate is provided to the winery by the non-profit. The following process should be followed.

- 1) All wine used for tastings should be invoiced by each participating winery to the non-profit who holds the banquet license for the event.
- 2) An ST-10 exemption certificate (or tax exempt certificate if the non-profit is exempt from payment of state tax) should be presented to the winery by the non-profit to justify the exemption from payment of sales tax. This only needs to be provided once to each winery by the non-profit and is not specific to a single transaction, so if it is a festival where the same group of wineries participates each year and the same non-profit is the host each year, you don't need a new form for each year.
- 3) The non-profit pays the winery the agreed upon rate for the wine used for tastings.
- 4) The winery keeps a copy of the invoice and a copy of the ST-10/Tax Exempt Certificate for their records, and reports the amount paid for the sale of this wine as they would any other sale on their sales tax return.
- 5) The event host pays sales tax on the admission price of the ticket as part of its sales tax return (unless it's a tax-exempt organization.)

From a pragmatic standpoint, exchange of all this paperwork can happen at the end of the festival, and a template invoice can be hand filled based on the amount of wine sold for tastings at the festival. It used to be standard procedure to exchange POs and reimbursement money at the end of the event, and I think a similar process works here. At the end of the day, a representative of the event walks around and swaps an invoice from the winery for an ST-10/Tax Exempt Certificate and a check from the event.