

Destruction Procedures for Alcoholic Beverages

PURPOSE: This Policy Statement explains the procedures that a licensed distributor of alcoholic beverages must follow to destroy alcoholic beverages and claim credit on **Form O-255**, *Wholesale Alcoholic Beverages Tax Return*, for Connecticut alcoholic beverages tax previously paid by the distributor on those beverages.

BACKGROUND: The Department of Revenue Services (DRS) has allowed licensed distributors to destroy alcoholic beverages that have been returned to them by retailers as unsaleable or alcoholic beverages that were unsaleable when they were received from the manufacturer. DRS has also allowed licensed distributors to take a credit on **Form O-255** for Connecticut alcoholic beverages tax previously paid on those beverages, provided DRS witnessed their destruction. However, DRS has not previously issued alcohol destruction guidelines.

EFFECTIVE DATE: Effective upon issuance.

STATUTORY AUTHORITY: Conn. Gen. Stat. §12-433 *et seq.*

DEFINITIONS: As used in this Policy Statement:

- **Alcoholic beverage** means beer, wine, or liquor, as defined by Conn. Gen. Stat. §12-433.
- **Licensed distributor** means a distributor holding a license issued by the Commissioner of Revenue Services under Conn. Gen. Stat. §12-436.
- **Destruction/recycling facility** means a company with expertise in the destruction of alcoholic beverages and in the recycling of alcoholic beverage containers.
- **Unsaleable products** mean alcoholic beverage products that have leaked or spilled; products that

contain foreign matter; short-filled products; products that either have no label, a torn label, a misapplied label, or an incorrect label; stale or spoiled products; or otherwise damaged products.

DESTRUCTION REQUEST: To claim a credit on **Form O-255** for Connecticut alcoholic beverages tax previously paid on alcoholic beverages, a licensed distributor must first obtain approval from DRS to destroy those beverages. To obtain approval, a licensed distributor must submit a formal destruction request to DRS.

A destruction request must be in writing and must include an inventory of the alcoholic beverages the licensed distributor intends to destroy. The licensed distributor must sign and number each page of the inventory, which must be broken down by pallet and must contain a description of the types of alcoholic beverages, bottle sizes, and quantities of alcoholic beverages that the licensed distributor intends to destroy. In addition, a destruction request must contain the name and location of the destruction/recycling facility where the alcoholic beverages will be destroyed.

All destruction requests must be submitted to:

Department of Revenue Services
Excise Unit – Alcohol Destruction
25 Sigourney Street
Hartford, CT 06106

APPROVAL OF DESTRUCTION REQUEST: No later than 21 days after receiving a destruction request from a licensed distributor, DRS will notify the distributor whether the request was approved. If a destruction request is approved, DRS will mail **Form AU-619**, *Alcoholic Beverages: Destruction Authorization and Verification Form*, to the distributor, authorizing the distributor to destroy the alcoholic beverages identified in its destruction request. A copy

of the inventory of alcoholic beverages approved for destruction will be attached to **Form AU-619**. Additionally, DRS may also arrange with the licensed distributor to inspect the inventory of alcoholic beverages identified in the destruction request to verify its accuracy. If DRS determines that a destruction request is unsatisfactory, DRS will contact the licensed distributor.

Once **Form AU-619** is signed by DRS and issued to a licensed distributor, no alcoholic beverages may be destroyed other than those identified in the inventory of alcoholic beverages approved for destruction.

DESTRUCTION OF APPROVED ALCOHOLIC BEVERAGES: Upon receipt of **Form AU-619** from DRS, a licensed distributor is authorized to destroy the alcoholic beverages identified in its destruction request. To destroy those beverages, however, the licensed distributor must forward **Form AU-619** and a copy of the inventory of alcoholic beverages approved for destruction to the destruction/recycling facility where the alcoholic beverages will be destroyed. A destruction/recycling facility may not destroy any alcoholic beverages approved by DRS for destruction until it receives both **Form AU-619** and a copy of the approved inventory of alcoholic beverages from the licensed distributor.

A licensed distributor that destroys alcoholic beverages without receiving authorization from DRS will not be allowed to claim a credit on **Form O-255** for the Connecticut alcoholic beverages tax previously paid on those beverages.

VERIFICATION OF DESTRUCTION: Once a destruction/recycling facility receives **Form AU-619** and a copy of the inventory of alcoholic beverages approved for destruction from a licensed distributor, the destruction/recycling facility is authorized to destroy the alcoholic beverages identified in the inventory. After receiving this documentation and upon completing the destruction, the destruction/recycling facility must complete the verification portion of **Form AU-619** and return the form to the licensed distributor.

The verification portion of **Form AU-619** requires the destruction/recycling facility to provide and verify the

time, date, and location of the destruction and the total number of gallons of alcoholic beverages that were destroyed. When properly completed, **Form AU-619** confirms that only the alcoholic beverages approved for destruction by DRS were destroyed.

Without this verification, a licensed distributor cannot file a claim for credit with DRS for the Connecticut alcoholic beverages tax previously paid on the alcoholic beverages that were destroyed. For more information, please see “**Credit Claim**,” below.

CREDIT CLAIM: To claim a credit on **Form O-255** for the Connecticut alcoholic beverages tax previously paid on alcoholic beverages that have been destroyed, a licensed distributor must file a credit claim with DRS. To file a claim, a licensed distributor must consolidate the inventory of alcoholic beverages approved for destruction onto **Form BT-20, Sealed Bottle Neck Destruction Certificate**, and send it, along with a copy of **Form AU-619**, to DRS. If DRS does not receive a properly completed **Form BT-20** and a properly completed **Form AU-619** from a licensed distributor, DRS will not consider the claim and the distributor will not be allowed to take a credit on **Form O-255** for the Connecticut alcoholic beverages tax previously paid on any alcoholic beverages that may have been destroyed.

After receiving the required information from a licensed distributor, DRS will process **Form BT-20** and determine the amount of the distributor’s credit. DRS will notify the licensed distributor in writing of the approved credit amount. After receiving notification from DRS, a licensed distributor can claim the approved credit amount on its next **Form O-255**.

A licensed distributor cannot claim a credit on **Form O-255** unless it receives written notification from DRS. Therefore, when claiming a credit, a licensed distributor must attach the notification it received from DRS to its **Form O-255**.

COMPLIANCE WITH ENVIRONMENTAL PROTECTION STANDARDS: All destruction of alcoholic beverages within Connecticut must be conducted in accordance with Connecticut Department of Environmental Protection standards.

EFFECT ON OTHER DOCUMENTS: None affected.

EFFECT OF THIS DOCUMENT: A Policy Statement is a document that explains in depth a current DRS position, policy or practice affecting the tax liability of taxpayers.

FOR FURTHER INFORMATION: For further information concerning the alcoholic beverages tax, please call the Excise Unit/Public Services Division at **860-541-3224**.

If you have questions regarding other Connecticut taxes, please call the Department of Revenue Services during business hours, 8:00 a.m. to 5:00 p.m., Monday through Friday:

- **1-800-382-9463** (toll-free within Connecticut), or
- **860-297-5962** (from anywhere).

TTY, TDD, and Text Telephone users only may transmit inquiries 24 hours a day by calling **860-297-4911**.

FORMS AND PUBLICATIONS: Forms and publications are available all day, seven days a week:

- **Internet:** preview and download forms and publications from the DRS Web site: **www.drs.state.ct.us**
- **DRS TAX-FAX:** call **860-297-5698** from the handset attached to your fax machine and select from the menu
- **Telephone:** Call **860-297-4753** (from anywhere), or **1-800-382-9463** (toll-free within Connecticut) and select **Option 2** from a touch-tone phone