Australian Government
Australian Taxation Office

Wine equalisation tax

- https://www.ato.gov.au/Business/Wine-equalisation-tax/
- Last modified: 05 Mar 2019
- QC 22734

If you make wine, import wine into Australia or sell it by wholesale, you'll generally have to account for wine equalisation tax (WET).

WET is a tax of 29% of the wholesale value of wine. It is generally only payable if you are registered or required to be registered for GST.

It's designed to be paid on the last wholesale sale of wine, which is usually between the wholesaler and retailer. WET may apply in other circumstances – such as cellar door sales or tastings – where there hasn't been a wholesale sale. WET is also payable on imports of wine (whether or not you are registered for GST).

Watch the below webinar for more information on how the WET system works, including:

- assessable dealings and exemptions
- calculating WET
- WET credits
- producer rebate
- reporting requirements.

Media: WET: Back to Basics
https://tv.ato.gov.au/ato-tv/media?v=bd1bdiunqnrtng (Duration: 57:01)

Changes to WET

From 1 October 2017 the test for whether producers are associated for the purposes of the rebate cap is applied at any time during the financial year.

From 1 July 2018:

- the producer rebate cap for each financial year is $350,000 (reduced from $500,000)
- tightened eligibility criteria for the producer rebate apply to all wines
- there are reduced circumstances where you can claim a WET credit

- you must include new information when buying wine under quote.

Some of these changes also applied from 1 January 2018 for 2018 vintage wines.

For more information on how these changes affect your business watch this webinar.

Find out how to cancel your registration if these changes mean that you no longer pay WET or claim WET credits.

Find out about:

- Registering for WET
- Products WET applies to
- When you have to pay WET
- How much to pay
- Price of wine for WET purposes
- WET credits
- Producer rebate
- Reporting and paying WET
- Contact us about WET

Registering for WET

- https://www.ato.gov.au/Business/Wine-equalisation-tax/Registering-for-WET/
- Last modified: 13 Feb 2017
- QC 22765

You need to register for wine equalisation tax (WET) if you:

- are a wholesaler or producer of wine
- are registered or required to be registered for GST, and
- have assessable dealings with wine.

Your business activity statement (BAS) will then have labels for you to report WET payable and any WET credits for each tax period.

If you are a wine retailer (such as a cafe or restaurant) you don't need to register for WET unless you make wholesale sales or bottle your own wine.

Cancelling your registration

If your business changes (or ceases) and you no longer need the WET labels on your BAS, you need to cancel your WET registration.

Products WET applies to

- https://www.ato.gov.au/Business/Wine-equalisation-tax/Products-WET-applies-to/
- Last modified: 11 Jul 2019
- QC 22736

Explains what wine equalisation tax (WET) applies to and what it doesn't apply to.

When WET applies

Regardless of the size of the container in which they are packaged, WET applies to the following beverages where they contain more than 1.15% by volume of ethyl alcohol:

- grape wine (including sparkling and some fortified wine)
- grape wine products (such as marsala)
- fruit wines and vegetable wines
- cider and perry (although, WET doesn't apply to all cider and perry)
- mead
- sake.

For the purposes of WET these products are all referred to as wine.

See also

- Wine Equalisation Tax Ruling (WETR 2009/1) – *The operation of the wine equalisation tax system* (paragraphs 8 to 36)

Fortified wine

When wine is fortified, either WET or excise applies, depending on the type of wine and its alcoholic strength.

For wine that can be fortified (such as grape wine, grape wine products and fruit or vegetable wines), the end product must not contain more than 22% alcohol by volume to remain subject to WET.

See also

- Excise – wine fortification

Products WET doesn't apply to

WET doesn't apply to the following beverages:

- beer
- spirits
- liqueurs
- pre-mixed spirits

- some flavoured ciders
- ready-to-drink designer drinks.

If these beverages have an alcohol content of more than 1.15% they are subject either to excise duty (if they're manufactured in Australia) or customs duty (if they're imported).

Next step

- When you have to pay WET

See also

- Excise and excise equivalent goods

When you have to pay WET

- https://www.ato.gov.au/Business/Wine-equalisation-tax/When-you-have-to-pay-WET/
- Last modified: 11 Jul 2019
- QC 22739

Explains at what stage you pay wine equalisation tax (WET) and who doesn't have to pay WET.

If you make wine, import wine into Australia or sell it by wholesale, you normally have to pay WET. It's a once-off tax on the value of the wine and applies when you sell or deal with wine:

- through wholesale sales
- through some retail sales (for example, cellar door sales and retail sales of repackaged bulk wine)
- for own use where WET has not already been paid
- by importing into Australia.

With the exception of imports, WET is only payable if you are registered or required to be registered for GST. It is designed to tax the last wholesale sale of wine in Australia, usually this is a sale from a wholesaler to a retailer.

If you import wine, WET is payable directly to the Department of Home Affairs at the time of importation.

Transactions are exempt from WET when:

- the transaction happens 'under quote' (the buyer quotes their ABN to the seller in the approved form)
  - this typically happens when there is an earlier wholesale transaction,

such as between a producer and distributor, before the wine reaches the retailer

- the wine is GST-free – for example, when it's being exported and WET has not already been paid on the wine.

Watch the below webinar for more information on how the WET system works.

Media: WET: Back to Basics
https://tv.ato.gov.au/ato-tv/media?v=bd1bdiunqnrtng (Duration: 57:01)

Wholesale sales

- https://www.ato.gov.au/Business/Wine-equalisation-tax/When-you-have-to-pay-WET/Wholesale-sales/
- Last modified: 13 Feb 2017
- QC 22742

WET applies to all wholesale sales of wine in Australia but is generally paid only on the last wholesale sale – such as a sale from a winery or distributor to a restaurant or bottle shop.

If there's an earlier wholesale sale before the wine reaches the retailer – for example, a sale from a winery to a distributor – it's exempt from WET if the sale is GST-free, or the transaction happens under quote.

So, if you're:

- selling wine wholesale, and
- registered or required to be registered for GST

then you must:

- charge WET on the sale, and
- show the amount of WET on the invoice

unless:

- you receive a valid ABN quotation from the buyer at or before the time of sale, or
- the sale is GST-free.

If you regularly sell wine to buyers who are entitled to quote their ABN, they can provide you with a periodic quotation to cover their eligible wine purchases for up to one year (so that they don't need to provide you with a quotation every time they buy wine).

You should monitor the dates on these periodic quotations to ensure the quotes are still valid.

Next step

- How much to pay – wholesale sales

See also

- Buying under quote
- GST-free supplies

Retail sales

- https://www.ato.gov.au/Business/Wine-equalisation-tax/When-you-have-to-pay-WET/Retail-sales/
- Last modified: 13 Feb 2017
- QC 22744

WET usually doesn't apply to retail sales. However, you generally have to pay WET on a retail sale if there hasn't already been a wholesale sale where WET was payable – for example, if:

- you're a wine producer who makes retail sales
- you bottle bulk wine and sell it by retail
- you're a wholesaler who also makes retail sales and you bought the wine under quote.

Retail sales are sales made directly to the consumer and include:

- sales through the internet (including internet auctions)
- mail order
- wine clubs
- cellar doors
- bottle shops
- hotels
- restaurants and cafes.

Re-packaging wine for retail sale

If you purchase bulk wine at a price that includes WET, and then repackage the wine for retail sale, you'll be liable for WET.

Where you become liable for WET on the sale of the re-packaged wine, you can claim a credit for any WET you paid on the bulk wine you purchased.

Next step

- [How much to pay – retail sales and own use]

See also

- [WET credits]

Wine for own use

- https://www.ato.gov.au/Business/Wine-equalisation-tax/When-you-have-to-pay-WET/Wine-for-own-use/
- Last modified: 13 Feb 2017
- QC 47421

You have to pay WET on wine that you use yourself if there hasn't already been a wholesale sale where WET was payable.

For example, you need to pay WET if you're a wine producer or you obtain wine under quote (so WET hasn't already been paid), and you:

- consume the wine yourself
- give the wine away (for example, wine used for tastings or promotional purposes)
- transfer ownership of the wine under a contract other than a contract of sale (for example, wine used to pay off a debt in kind, or wine donated to charity)
- grant any right or permission to use the wine (for example, a winery that allows a retail store to use its wine for promotional tastings).

Next step

- [How much to pay – retail sales and own use]

Imported wine

- https://www.ato.gov.au/Business/Wine-equalisation-tax/When-you-have-to-pay-WET/Imported-wine/
- Last modified: 13 Feb 2017
- QC 22747

The Department of Home Affairs (Home Affairs) administers and collects WET payable on wine imported into Australia, including wine that is part of your personal effects and wine sent to you as a gift from overseas.

WET is payable at the time of importation unless you're entitled to defer the WET by quoting your ABN, or certain other import-related exemptions apply.

For enquiries about:

- calculating WET at importation – contact Home Affairs
- quoting your ABN to defer WET payments on imported wine – contact us about WET.

If you export wine and then re-import the same wine without paying tax on the importation, and you later sell that wine by retail sale or use it yourself, you'll need to repay any previously claimed WET credit for the wine.

Next step

- How much to pay – imported wine

Exemptions

- https://www.ato.gov.au/Business/Wine-equalisation-tax/When-you-have-to-pay-WET/Exemptions/
- Last modified: 13 Feb 2017
- QC 22741

Sales of wine are exempt from WET if either:

- the wine is bought under quote
- the sale is GST-free, such as an export.

GST-free supplies

- https://www.ato.gov.au/Business/Wine-equalisation-tax/When-you-have-to-pay-WET/Exemptions/GST-free-supplies/
- Last modified: 11 Oct 2017
- QC 22743

Wine is exempt from WET if the:

- dealing is a GST-free supply

- purchaser quotes at or before the time of the sale in the approved form.

See also:

- Buying under quote

The most common GST-free supplies are:

- exports from Australia, including
  - wine exported under a contract of sale
  - duty-free wine sales to travellers under the sealed bag system
  - wine to be consumed on international flights and voyages
- wine supplied in hospitals, religious services or educational courses to end users.

Exporting wine on behalf of a buyer

If you export wine on behalf of a buyer (including overseas travellers), you're exempt from paying WET and GST as long as you export the wine from Australia within 60 days of providing the invoice or receiving payment, whichever occurs first.

You need to keep any evidence of this export in your records so you can explain why you treated the wine as exempt.

Until 30 June 2018, you can claim a credit for WET you've already paid on 2017 and earlier vintage wine that you export GST-free.

You cannot claim a credit in these circumstances for:

- 2018 and later vintage wine from 1 January 2018
- 2017 and earlier vintage wine from 1 July 2018.

Purchases made under quote

A sale to hospitals, churches or educational institutions to enable them to provide wine to end users is not GST-free, but these purchases may be made under quote. The hospital, church or educational institution normally makes the GST-free supply to the end user.

See also:

- WET credits
- GST Act 1999: Division 38 (GST-free supplies) for requirements that hospitals, religious services or educational courses need to meet.

Buying under quote

- https://www.ato.gov.au/Business/Wine-equalisation-tax/When-you-have-to-pay-WET/Exemptions/Buying-under-quote/
- Last modified: 31 Aug 2018
- QC 47422

In certain circumstances you can quote your ABN when you buy wine and the sale is then exempt from wine equalisation tax (WET). This is known as buying wine 'under quote'.

On this page:

Entitlement to quote

You're only entitled to buy wine under quote if you're registered for GST and you:

- intend to sell the wine by wholesale or indirect marketing sale while the wine is in Australia
- are mainly a wholesaler and intend to sell the wine by any kind of sale in Australia (you're mainly a wholesaler if your wholesale sales in the last 12 months – or expected sales in the next 12 months – will be more than half of all your wine sales)
- intend to use the wine in manufacture or other treatment or processing (for example, in the manufacture of cakes)
- intend to supply the wine GST-free (for example, by exporting it).

If you're buying wine in circumstances other than the above but you believe you should be able to quote, you can contact us about WET for advice.

How to quote

You can quote your ABN on the order form for the wine, or on any other document that the supplier will keep that identifies the particular wine (such as a delivery slip, acknowledgment of receipt or duplicate invoice).

Whatever format you use, you must tell the producer on your quote if you:

- intend to have a taxable dealing with the wine; or
- intend to
  - sell the wine GST-free
  - sell the wine under quote
  - use the wine as an input into manufacture or other treatment or processing.

If your quote indicates your intention to have a taxable dealing with the wine and you subsequently do not, you will have to pay WET on the later dealing.

If you buy wine for a price that included WET and then on-sell the wine, any quote that the purchaser provides you when you sell the wine is ineffective. The sale will not be exempt from WET. You will be liable for WET on the sale, but you can claim a credit for WET you previously paid on the wine.

Note: a quote will only be effective if it is provided at or before the time of the dealing it relates to.

See also:

- Approved quoting forms – for templates with the information you need to include.

Providing a periodic quote

If you regularly buy wine from certain suppliers, you can provide a periodic quote to each supplier to cover your wine purchases for up to a year. Once a periodic quote is in place you don't need to provide the supplier with a quotation every time you buy some wine.

The periodic quote must:

- contain the information required for the quote to be in the approved form
- specify the period it covers (no more than one year)
- be provided to the seller at or before the time of the first dealing to be covered by the quote.

If you have a periodic quote in place you must notify the supplier at or before the time you purchase wine if you:

- make a purchase from the supplier that you are not entitled to quote for
- intend to deal with the wine you purchase from the supplier differently from what you stated in your periodic quote.

If you're importing wine, periodic quoting is not available. You can quote your ABN to the Department of Home Affairs or authorise your customs broker to do this for each importation.

See also:

- Approved quoting forms
- Wholesale sales
- GST-free supplies
- WETR 2009/1 *Wine equalisation tax: The operation of the wine equalisation tax system (Appendix 1)*

How much to pay

- https://www.ato.gov.au/Business/Wine-equalisation-tax/How-much-to-pay/
- Last modified: 13 Feb 2017
- QC 22749

WET is 29% of the taxable value of 'assessable dealings', such as sales, imports and own use of wine.

For example, the taxable value of a wholesale sale is the price for which the wine is sold (before WET and GST are applied).

Depending on individual contracts of sale, the price for which the wine is sold may include things such as freight costs, or may be decreased by settlement discounts or volume rebates.

Find out about

- Wholesale sales
- Retail sales and own use
- Non-arm's length sales
- Imported wine

Wholesale sales

- https://www.ato.gov.au/Business/Wine-equalisation-tax/How-much-to-pay/Wholesale-sales/
- Last modified: 11 Oct 2017
- QC 22750

To calculate WET for wholesale sales:

1. Apply the 29% WET rate to the sale price of the wine (excluding GST).
2. Calculate the GST on the WET-inclusive price.

If you sell wine by wholesale for a price that includes WET you must show the amount of WET on the invoice given to the buyer.

Find out about:

- Invoices with a combined wine equalisation tax-goods and services (WEG) label
- GST – issuing tax invoices

Example – how to work out the wholesale price

Alison has a winemaking business. She sells grape wine to a bottle shop for $120 a dozen before tax. This is how Alison works out the total wholesale selling price:

1 dozen wine	$120.00
Plus WET @ 29% ($120.00 × (29÷100))	$34.80
Sub-total	*$154.80*
Plus GST @ 10% ($154.80 × (10÷100))	$15.48
Total wholesale selling price	$170.28

Some wine sellers use commission agents to facilitate their wine sales. Where the agent deducts a fee from the proceeds of sale, this fee doesn't reduce the selling price of the wine.

See also:

- When you have to pay WET – wholesale sales

Retail sales and own use

- https://www.ato.gov.au/Business/Wine-equalisation-tax/How-much-to-pay/Retail-sales-and-own-use/
- Last modified: 03 Dec 2015
- QC 22751

For taxable retail sales and own use of wine you use a notional wholesale selling price to calculate the amount of WET to pay.

There are two ways to calculate the notional wholesale price:

- half retail price
- average wholesale price

For grape wine you can use either method. For wine other than grape wine you must use the half retail price method.

Half retail price method

To calculate the notional wholesale selling price on retail sales or own use of wine using this method:

- work out 50% of the retail value
  - for retail sales this is 50% of the sale price, including WET and GST
  - for own use of wine, this is 50% of what the price, including WET and GST, would have been if you sold the wine by retail
- multiply that amount by 29% to work out the WET payable.

Example – half retail price method

Happy Valley Wines makes a retail sale of one dozen bottles of grape wine at the cellar door for $140, including WET and GST. A bottle of the same wine is used for tastings at the cellar door.

Value of a dozen bottles	$140.00 × 50%	= $70.00
WET payable per dozen	$70.00 × 29%	= $20.30
Taxable value of one bottle of this wine	$70.00 ÷ 12	= $ 5.83
WET payable on the bottle used for tasting	$5.83 × 29%	= $1.69

Average wholesale price method

You can only use this method for grape wine and only if, in the relevant tax period, your wholesale sales account for at least 10% by value of all your sales of grape wine that is:

- the same vintage as the grape wine to which the retail sale or own use relates
- produced from the same varieties or blends of grape varieties as the grape wine to which the retail sale or own use relates.

To work out the average wholesale price, you use the weighted average of the prices of the wholesale sales (including exports) of wine that fall into this category for each tax period. By using the weighted average you take into account the relative proportion of each type of wine you sell, and also any discounts, incentives or similar that may reduce the wine's selling price.

Example – average wholesale price method

Good Wines Winery produces a variety of wine which they sell by wholesale and directly to customers at the cellar door.

In the first week of September, they sell a dozen bottles of their 2014 Verdelho to a cellar door customer for $190 (inclusive of WET and GST).

During the rest of September, they sell additional bottles of the 2014 Verdelho, some to distributors.

In preparation for their September BAS, they work out that more than 10% of their sales of the 2014 Verdelho are wholesale sales to distributors.

Good Wines Winery chooses to use the average wholesale price method to calculate the taxable value and the WET payable for their retail sales of this wine in September.

The break up for the different wholesale prices for their 2014 Verdelho sales is:

- 70% at $80 per dozen (excluding WET and GST)
- 30% at $90 per dozen (excluding WET and GST).

To calculate the WET payable on a dozen of the 2014 Verdelho sold at the cellar door during the tax period:

- Step 1 Work out the weighted average price of the wholesale sales of 2014 Verdelho: (70% × $80) + (30% × $90) = $56 + $27 = $83
- Step 2 Multiply the weighted average price by the WET percentage (29%):
  $83 × 29% = $24.07

The amount of WET payable for this cellar door sale of a dozen 2014 Verdelho is $24.07.

GST is unaffected by the difference between retail and wholesale sales. GST is calculated on the retail price of the dozen bottles of 2014 Verdelho, so GST = $190 ÷ 11 = $17.27.

See also

- Non-arm's length sales
- When you have to pay WET – Retail sales
- When you have to pay WET – Wine for own use

Non-arm's length sales

- https://www.ato.gov.au/Business/Wine-equalisation-tax/How-much-to-pay/Non-arm-s-length-sales/
- Last modified: 13 Feb 2017
- QC 22754

Non-arm's length transactions may occur where a relationship exists between the parties to the transaction – for example, if the transaction involves:

- an associated company
- staff or shareholders
- suppliers (such as grape growers who supply grapes to wine producers).

If you have a non-arm's length transaction, your liability to WET (or entitlement to a WET credit) is taken to be the amount that it would have been if the transaction was at arm's length.

See also

- How much to pay

Imported wine

- https://www.ato.gov.au/Business/Wine-equalisation-tax/How-much-to-pay/Imported-wine/
- Last modified: 13 Feb 2017
- QC 22753

The Department of Home Affairs administers and collects WET payable on wine imported into Australia.

The taxable value of imported wine is the GST importation value. This is the customs value plus the costs of transport, insurance and duty (if any).

Home Affairs can help you calculate WET at importation.

See also

- When you have to pay WET – Imported wine
- Department of Home Affairs

Price of wine for WET purposes

- https://www.ato.gov.au/Business/Wine-equalisation-tax/Price-of-wine-for-WET-purposes/
- Last modified: 11 Oct 2017
- QC 51284

How to make sure you pay the right amount of wine equalisation tax (WET) or claim the right producer rebate amount.

To make sure you pay the right amount of WET or claim the right producer rebate amount, it is important that you correctly determine the price you sell your wine for.

Price has the same meaning for WET and GST. It is the amount payable for the supply. Ordinarily, the price will be the amount you specify on the invoice you give to the purchaser.

However, when you make payments to a purchaser of your wine, the price will be affected by amounts you pay to the purchaser. This includes amounts:

- paid prior to the sale of the wine
- offset against the price of the wine (reducing the amount you receive from the purchaser of the wine)
- paid at some later point in time.

When working out whether the amounts you pay to a purchaser of your wine affect the selling price of the wine, you need to determine:

- what the payments are for
- if you are receiving specific services in exchange for them.

You will need to do this regardless of how the payments are described in invoices or other documentation.

Determining the price of wine when working out how much WET to pay or how much rebate you can claim can be complex. If you're unsure about how payments made to purchasers of your wine should be treated, you should contact us about WET for advice.

When working out the price of wine, the payments either:

- will reduce the selling price
- won't reduce the selling price.

Sometimes the arrangement between you and the purchaser of your wine may involve some payments which reduce the price and some that don't.

See also:

- WETR 2009/1 *Wine Equalisation Tax: The operation of the wine equalisation tax system*
- GSTR 2000/19 *Goods and services tax: making adjustments under Division 19 for adjustment events*

Payments that reduce the selling price

If you pay an amount to a purchaser that relates to the sale and selling price of the wine, the payment will reduce the price. Types of payments that reduce the selling price include:

- trade discounts
- volume rebates
- deferred credits
- settlement discounts
- distributor margin payments.

Example 1 – payment that reduces the selling price

ABC Winery sells wine by the case to a distributor for $100. Under the terms of the sales agreement, the distributor invoices ABC Winery an amount of $10 per carton, described on the invoice as a ‘distributor margin’. This payment covers the distributor’s general costs like freight, administration, storage, invoicing, sales monitoring, debt collection, wastage and internet costs.

The $10 fee charged by the distributor is not for specific services being provided to ABC Winery. Rather, the amount charged by the distributor discounts the price of the wine that ABC Winery has sold to the distributor. The price ABC Winery use to calculate their WET liability or producer rebate is the reduced price of $90.

Payments that don't reduce the selling price

If you make payments to the purchaser that compensate, reimburse or reward them for specific services they provide to you, these amounts do not reduce the selling price of your wine.

Payments that do not reduce the selling price of wine must be for services provided to you by the purchaser for the specific benefit of your product or brand. Such services include:

- positioning your wine in a prime position in a bottle shop so it is marketed in a way that is better than the marketing of other wines in the shop
- advertising your wine as ‘wine of the month’ in the retailer’s sales catalogue.

In both instances, you're paying a fee for specific services provided by the purchaser that promote your brand above and beyond other brands they have for sale.

In these circumstances, each supply (wine supplied by you and services supplied by the purchaser) is independent and must be accounted for separately.

Types of payments that do not reduce the selling price include:

- promotional rebates
- marketing fees
- advertising rebates
- co-operative advertising allowances
- gondola end payments.

Example 2 – payment for specific services that does not reduce the selling price

WYZ Estates sells wine to a distributor for an invoiced price. WYZ Estates agrees to pay the distributor $15,000 to promote and market WYZ's product and brand at three trade shows during the year and feature WYZ's product as 'wine of the month' in two of its monthly catalogues.

Because the payment by WYZ Estates is for specific services provided by the distributor, the price WYZ Estates sells their wine for is unaffected. The price of the wine is the full invoiced price, and WET is paid (or producer rebate is claimed) based on the full amount.

This is in contrast to example 1, where the $10 per carton fee was applied but there are no specific services provided by the distributor.

Example 3 – payments for both specific services and distributor margin

STP Vineyard sells wine under quote to a distributor. STP Vineyard invoices the distributor $11,000 (including GST) for the wine. The sales agreement provides that STP Vineyard will pay the distributor 35% of the amount invoiced for the wine, which includes:

- 5% for specific promotion and marketing services
- 30% as a 'distributor margin'.

The specific promotional and marketing services the distributor makes to STP Vineyard involves:

- featuring STP Vineyard's brand at trade fairs
- promoting STP Vineyard's wine as the 'wine of the month' in their catalogue.

The distributor invoices STP Vineyard for these services in the amount of 5% of the invoice price for the wine.

In this case, the distributor is making specific identifiable supplies to STP Vineyard and for the benefit of STP Vineyard.

Additionally, the specific promotion and marketing services provided to STP Vineyards can be distinguished from other promotion and marketing activities undertaken by the distributor in the course of carrying on its own wine sales business.

In these circumstances, the amount STP Vineyard pays for these specific supplies (5%) doesn't reduce the price for which STP Vineyard has sold its wine.

The second component of the agreement, the 30% ‘distributor margin’, simply serves to cover the distributor’s general expenses and provide a margin on the dealing to the distributor.

STP Vineyard is not receiving specific services from the distributor in return for paying the distributor margin and as such, the margin is a discount on the price that STP Vineyard is selling its wine for.

Therefore the price STP Vineyard sells its wine for will be reduced by the 30% fixed percentage distributor margin, but it will not be reduced by the amount paid for specific promotion and marketing services.

As the taxable value for WET purposes is the WET and GST exclusive selling price, the taxable value in these circumstances can be calculated as follows:

- $11,000 (GST inclusive invoice price) − $1,000 (GST) = $10,000
- $10,000 (GST exclusive invoice price) − $3,000 (30% distributor margin) = $7,000 (taxable value)

WET credits

- https://www.ato.gov.au/Business/Wine-equalisation-tax/WET-credits/
- Last modified: 08 Apr 2021
- QC 22755

When you are and aren’t entitled to a wine equalisation tax (WET) credit.

You're entitled to a WET credit if you:

- paid WET in error or overpaid WET – for example, a wholesaler sells wine and pays WET, but subsequently allows a settlement discount
- are liable to pay WET on wine that has already had WET paid on it
- wrote off bad debts that included WET you had paid
- are entitled to the wine producer rebate.

You are not entitled to claim a WET credit:

- for wine you have bought for a price that includes WET unless you have a WET liability for a subsequent sale of the wine
- if you do not have a WET liability
- when you make a GST-free supply, for example a GST-free export.

This applies to:

- all wines sold or dealt with from 1 July 2018
- 2018 vintage wine (where more than 50% of the grapes used to make the wine were crushed from 1 January 2018) sold or dealt with from 1 January 2018.

There are different circumstances when you can claim WET credits for 2017 and earlier vintage wine sold before 1 July 2018.

Find out about

- Claiming credits
- Over claimed credits

See also

- When you have to pay WET
- WETR 2009/1 *Wine equalisation tax: the operation of the wine equalisation tax system* (paragraphs 118 to 122 (Trade incentives) and paragraphs 199B to 199E (Wine tax credits)).

Claiming credits

If you're registered for GST and WET, you should claim WET credits through your BAS. You must do this within four years from the day after you were required to lodge your BAS for the tax period in which the WET credit entitlement arises.

If you're not registered for GST (and are not required to be) you may be entitled to claim a credit for WET in limited circumstances. This includes:

- where WET is paid in error or overpaid
- where WET is paid on a local entry of wine for which a drawback of Customs duty is (or would be be) applicable.

If you believe you may be entitled to claim a credit, contact us at wetnewmeasures@ato.gov.au to discuss your circumstances.

You can only claim if the total amount of credit claimed is $200 or more. You must provide supporting documents and lodge your claim within four years of when the WET credit entitlement arose.

If you're an approved New Zealand participant, you claim the producer rebate using the Application for payment of WET rebate by an approved NZ participant.

See also

- Producer rebate
- Tourist Refund Scheme (administered by the Department of Immigration and

Border Protection)
- [Claiming your producer rebate] for New Zealand wine producers

Over claimed credits

If you over claim a WET credit, it will be treated as tax payable from the time of the over claim. You must repay the over claim by including it as WET payable on your BAS.

See also

- Correcting WET errors

Producer rebate

- https://www.ato.gov.au/Business/Wine-equalisation-tax/Producer-rebate/
- Last modified: 11 Jul 2019
- QC 22756

You may be entitled to a credit (or producer rebate) of the wine equalisation tax (WET) amount you have paid.

Wine producers may be entitled to a credit (producer rebate) of the WET amount they have paid on a dealing with wine, or the amount of WET they would have paid on the dealing if the buyer did not quote their ABN.

From 1 July 2018, the maximum amount that can be claimed each financial year is $350,000.

Before 1 July 2018, the maximum amount that could be claimed each financial year was $500,000.

See also

- WET credits for wine sold before 1 July 2018

Eligibility for the producer rebate

To claim the producer rebate you must meet eligibility criteria.

Different criteria apply depending on when the winemaking process started. You need to determine whether your wine is:

- 2018 and later vintage wine (more than 50% of the grapes used to make the wine were crushed from 1 January 2018)
- 2017 and earlier vintage wine (more than 50% of the grapes used to make the

wine were crushed before 1 January 2018).

Different eligibility rules apply for wine that was in the process of being manufactured into fortified wine on 1 January 2018.

Note: If you are not eligible to claim a rebate because the wine does not meet the packaging and branding requirements, you still have to pay WET on that wine (unless an exemption applies).

See also

- WETR 2009/2 *Wine equalisation tax: operation of the producer rebate for other than New Zealand participants* (paragraphs 61AAQ to 61ABC (2017 year and earlier fortified wine)).

2018 and later vintage wine

To be eligible to claim the WET producer rebate you must:

- be the producer of the wine
- be liable to pay WET or sell the wine under quote to a purchaser who declared in the quote that they will be liable for WET on a subsequent dealing in the wine
- own the source product (for example, whole unprocessed grapes, apples, pears, other fruit or vegetables, honey, and rice) that makes up at least 85% of the total volume of the wine throughout the wine making process
- sell the wine in a container with a capacity of five litres or less (51 litres for cider and perry) that is suitable for retail sale and branded by a trade mark owned by you (or an associated entity).

2017 and earlier vintage wine sold or dealt with from 1 July 2018

To be eligible for the WET producer rebate on 2017 and earlier vintage wines sold or dealt with from 1 July 2018 you must:

- be the producer of the wine
- be liable to pay WET or sell the wine under quote to a purchaser who declared in the quote that they will be liable for WET on a subsequent dealing in the wine
- sell the wine in a container with a capacity of five litres or less (51 litres for cider and perry) that is suitable for retail sale and branded by a trade mark owned by you (or an associated entity)
- own the source product (for example, whole unprocessed grapes, apples, pears, other fruit or vegetables, honey, and rice) that makes up at least 85% of the total volume of the wine throughout the wine making process.

You are taken to have met the final requirement above if you:

- owned the wine from immediately before 1 January 2018 until you sell or deal with the wine
- sell or deal with the wine by 30 June 2023, and
- either

    - sell or deal with the wine in a container that displays the vintage of the wine
    - placed the wine in the container before 1 July 2018.

If you manufacture wine using wine as an input, you must reduce your claim by any earlier producer rebate amounts claimed for that wine.

Different eligibility conditions apply for the producer rebate if you sold or dealt with 2017 and earlier vintage wine before 1 July 2018.

See also

- WET credits for wine sold before 1 July 2018 (includes producer rebate)

Meaning of producer

To be a producer you must do one of the following:

- manufacture the wine
- provide source product (whole unprocessed grapes, apples or pears, other fruit or vegetables, or honey, and rice) to a contract winemaker to be made into wine on your behalf, where at all times you own the source product and the produced wine.

You are not a producer if, for example, you simply purchase bulk wine and bottle it for sale.

Liability for WET on subsequent dealing

A purchaser will be liable to pay WET on a subsequent dealing with the wine that you sell them under quote if they state in the quote that they do not intend to:

- make a GST-free supply of the wine
- on-sell the wine under quote
- use the wine as an input into manufacture.

Next step

- Calculate and claim your rebate

See also

- Contact us about WET
- New Zealand producer rebate

Calculate and claim your rebate

- https://www.ato.gov.au/Business/Wine-equalisation-tax/Producer-rebate/Calculate-and-claim-your-rebate/
- Last modified: 11 Oct 2017
- QC 22758

You calculate your wine producer rebate based on the price of the wine you sell.

To calculate and claim your rebate:

1. Work out 29% of the taxable value of your assessable dealings:
    1. For wholesale sales, this is 29% of the price the wine is sold for (before WET and GST).
    2. For retail sales and wine for own use, this is 29% of the notional wholesale selling price.

2. If you manufactured 2017 and earlier vintage wine using any wine bought from other producers, reduce your claim by any earlier rebates the other producers could claim.
3. Limit your rebate claims to the maximum amount that can be claimed each financial year:
    1. The maximum amount that can be claimed each financial year is $500,000 for the financial year ending 30 June 2018 and $350,000 from 1 July 2018.
    2. If you belong to a group of associated producers at any time during the financial year, this limit applies to the whole group.
    3. Producers are associated if, for example, one controls the other, or one has obligations to the other in relation to their financial affairs.
    4. A producer may be associated with one or more Australian or New Zealand producers.

4. Claim your producer rebate at label 1D on your BAS for the relevant tax period:
    1. You account for WET using the same accounting method (cash or non-cash) that you use for GST.
    2. You attribute the WET payable to the same tax period as you do for GST purposes.
    3. The producer rebate is claimed in the same tax period as the WET is payable. However, if the purchaser has quoted for a dealing at or before the time of the sale, then the rebate is claimed in the tax period in which WET would have been payable had the purchaser not quoted.
    4. Any rebate you receive is assessable income and must be declared in your income tax return.

Examples of calculating the wine producer rebate

Type of dealing	Selling	Amount of WET	Producer rebate

	price	payable	claimable
Retail sale to the end consumer	$20,000 (incl. WET and GST)	$2,900 (see note 1)	$2,900
Wholesale sale to a restaurant	$30,000 (excl. WET and GST)	$8,700	$8,700
Wholesale sale of blended wine to a bottle shop. Wine used in the blend was purchased for a total of $15,000 (excl. WET and GST) and there was an earlier rebate for the purchased wine.	$25,000 (excl. WET and GST)	$7,250	$2,900 ($7,250 minus earlier rebate amount of 29% of $15,000)
Wholesale sale to a distributor. Buyer quotes their ABN.	$15,000 (excl. WET and GST)	Nil	$4,350
Wholesale sale to a distributor. Buyer quotes their ABN and notifies an intention to sell the wine GST-free.	$20,000 (excl. WET and GST)	Nil	Nil
Wine used for tastings	Retail value of wine is $2,000 (incl. WET and GST)	$290 (see note 2)	$290

Note 1: 29% of $20,000 divided by 2, based on half retail price method.

Note 2: 29% of $2,000 divided by 2, based on half retail price method.

See also:

- Earlier producer rebate amounts
- WETR 2009/2 *Wine equalisation tax: operation of the producer rebate for other than New Zealand participants*

Earlier producer rebate amounts

- https://www.ato.gov.au/Business/Wine-equalisation-tax/Producer-rebate/Earlier-producer-rebate-amounts/
- Last modified: 11 Oct 2017
- QC 22757

You must reduce the amount of rebate you claim by earlier rebates the other producers are entitled to claim (whether or not the previous entitlement was actually claimed) if you:

- blend or further manufacture 2017 and earlier vintage wine (more than 50% of the grapes used to make the wine were crushed before 1 January 2018) using wine bought from another producer
- sell the wine before 1 July 2023
- are eligible to claim the producer rebate.

You don't have to take earlier producer rebate claims into account if:

- the wine was acquired before 10 December 2012, even if it was blended or further manufactured after that date
- the wine is 2018 and later vintage wine (more than 50% of the grapes used to make the wine were crushed from 1 January 2018).

The way you calculate the reduction to your rebate depends on whether you:

- received an earlier rebate notification
- did not receive an earlier rebate notification.

Specific rules apply for earlier producer rebate amounts you must claim for fortified wine.

Earlier rebate notification

A supplier can notify you of the amount of rebate the producer of the purchased wine is entitled to claim. You need to reduce your producer rebate claim by this amount.

Approved forms of notification include:

- information added to a tax invoice
- email
- a letter.

The notification must contain all of the following:

- the name and ABN of the wine supplier or, if they are a New Zealand wine producer, their name and address and if applicable their company number
- the name and ABN of the wine recipient
- a description of the wine being supplied (including the quantity and price)
- the date the wine was supplied
- sufficient information to identify the relevant tax invoice – for example, the tax invoice number
- and either the
  - amount of rebate the producer of the wine has claimed or is entitled to claim for the wine, or
  - notification that the producer of the wine that is being supplied is not entitled to claim a rebate for the wine.

If the supplier notifies you in the approved form that the producer of wine is not entitled to the rebate for the wine sold to you for blending or further manufacture, you can claim the full amount of rebate for the wine.

No earlier rebate notification

If you don't receive a notification of earlier rebate, you must reduce your claim by 29% of the purchase price (excluding GST) of the wine.

If you purchase wine from a New Zealand producer and they don't provide you with a notification, you must reduce your claim by 29% of the approved selling price of the wine. The approved selling price is the price for which the wine was sold by the New Zealand producer, minus any expenses unrelated to the production of the wine. These expenses include transport, freight and insurance, agent's fees and New Zealand or Australian taxes or duties.

See also:

- Producer rebate
- WETR 2006/1 *Wine equalisation tax: the operation of the producer rebate for producers of wine in New Zealand* (paragraphs 92A to 92P, 113A to 113G and Appendix F)
- WETR 2009/2 *Wine equalisation tax: operation of the producer rebate for other than New Zealand participants* (paragraphs 65A to 65AF, 68A and Appendices B and C)

New Zealand producer rebate

- https://www.ato.gov.au/Business/Wine-equalisation-tax/Producer-rebate/New-Zealand-producer-rebate/
- Last modified: 13 Feb 2017
- QC 40068

New Zealand winemakers can claim the wine producer rebate if they:

- produce the wine in New Zealand
- register successfully with New Zealand Inland Revenue
- show that the wine is exported to Australia
- show that WET was paid on the sale of the wine.

See also

- New Zealand wine producer rebate
- New Zealand Inland Revenue website

Reporting and paying WET

- https://www.ato.gov.au/Business/Wine-equalisation-tax/Reporting-and-paying-WET/
- Last modified: 11 Oct 2017
- QC 22762

You report and pay wine equalisation tax (WET) amounts to us and claim any credits in your BAS or an annual GST return.

WET payable is reported at 1C 'Wine equalisation tax' on your BAS. If you are claiming a credit you complete WET refundable at 1D 'Wine equalisation tax refundable'. If you don't have these labels on your BAS you'll need to register for WET.

Amounts payable and credit amounts must be reported at the correct labels and can't be netted off. For example, if you have a WET liability for a transaction and you're entitled to a producer rebate of the same amount, you must still report the WET payable at 1C and the producer rebate amount at 1D.

You have to account for WET using the same accounting method (cash or non-cash) you use for GST, and attribute the WET payable to the same tax period as you do for GST purposes.

For own use of wine, the WET amounts are attributed to the period in which the own use occurs.

See also:

- Registering for WET
- BAS – Completing the wine equalisation tax (WET) labels
- Imported wine

Annual GST return and WET

If you report and pay GST annually, you only need to report WET when you complete your annual GST return.

Don't complete the WET section of your BAS if you report and pay GST using a pre-printed instalment amount (option 3 on the BAS) because we've included your WET in this amount. Simply report WET payable (1C) and WET refundable (1D) on your annual GST return.

See also:

- Annual GST return

Record keeping

You need to keep records of your sales, own use, and import and export transactions so you can report your WET payable accurately and substantiate any credits you claim.

If you're claiming the producer rebate you need to keep records showing that you produced the wine and meet the ownership of source product, packaging, and branding requirements that apply.

You need to keep these records for five years.

See also:

- Record keeping for business

Contact us about WET

- https://www.ato.gov.au/Business/Wine-equalisation-tax/Contact-us-about-WET/
- Last modified: 12 Apr 2018
- QC 22768

General WET enquiries

- Phone us

- Email us:
  - wetnewmeasures@ato.gov.au – for advice about the WET legislative changes
  - wettechadvice@ato.gov.au – for general WET enquiries

- Write to us:

Australian Taxation Office
PO Box 3514
ALBURY NSW 2640

Imported wine only

For information about importing wine and wine products, including how to calculate WET at importation, contact the Department of Home Affairs:

- Make an enquiry on homeaffairs.gov.au
- Wine Equalisation Tax Applications and Quoting on homeaffairs.gov.au

Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.