



Administrative Release

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No. AB-17

August 9, 2000

TO: Licensed Wholesalers Selling Alcoholic Beverages to Licensed Retailers

SUBJECT: Returned Goods

Returns of alcoholic beverages by retailers to wholesalers are only authorized as herein stated.

PERMITTED RETURNS

1. Unmarketable merchandise due to product deterioration or leaking containers.

2. Returns of alcoholic beverages from licensed retail dealers in seasonal resort areas that close for the season and remain closed until the beginning of the next season.

3. Any discrepancies between merchandise ordered and merchandise delivered may be corrected within a reasonable period after delivery by the exchange of merchandise delivered for that which was ordered. Reasonable time shall be within ten (10) days. Proper documentation to tie-in credit invoice and original delivery invoice is required.

4. Alcoholic beverage stock on hand at time licensee goes out of business may be returned for cash or credited against an outstanding debt.

5. Returns that amount to one case or less for each size of a brand.

6. Due to limited shelf life, in addition to items #1-5 above, returns or credit may be offered for **malt beverage products** as follows:

a. Fresh product may be exchanged, or a credit given, by a wholesaler for the same, like or similar product within a *reasonable* time before or after the manufacturer's expiration date.

b. When credit is given, it must be given for the identical invoice price of the originally purchased product.

c. In the case of draft (keg) beer, when a portion of the keg has been consumed or used, there may *not* be a product exchange but only credit may be given. The credit allowed must be proportional to the amount of product actually returned.

d. Should it be determined that the predominate reason for returns or credits for malt beverage products is to serve as a consignment sale, or if there is an excessive history of such returns or credits for one or more retail accounts by a given wholesaler, then limits or other restrictions may be imposed by the Alcohol and Tobacco Tax Division on a case by case basis.

7. Alcoholic beverages invoiced to a retail licensee for an **on-premises tasting** held pursuant to Section A(2) of Regulation 03.02.05.12, may be returned under the following conditions:

a. The promotional event has been filed with the Alcohol and Tobacco Tax Division pursuant to Section F of the regulation.

b. The alcoholic beverages were invoiced to the retail licensee on a separate invoice not sooner than three business days prior to the scheduled promotional activity.

c. All or a portion of the unused product is returned to the wholesaler for credit not later than

three business days after the scheduled promotional activity, or the next normal delivery date to that customer.

d. Copies of all paperwork related to the scheduled promotional activity, including the original invoice and credit, are kept in a separate file by the wholesaler and made available for inspection

RETURNS NOT PERMITTED

1. The return of alcoholic beverages because of overstocking, slow moving or overbuying is not a valid reason for accepting returns.

2. Alcoholic beverages with a limited or seasonal demand, such as holiday decanters, certain distinctive bottles and special packs that remain unsold at the end of the holiday season or period of demand, may not be returned.

3. Return of alcoholic beverages to prevent a retailer from going on or removing the retailer's name from the Credit Control list is not permitted.

4. Any return not specifically authorized under "Permitted Returns" above.

Returns of alcoholic beverages not in conformance with this Administrative Release would be considered giving a retail licensee something of value which is prohibited by Section 12-104 of Article 2B of the Annotated Code of Maryland. Penalties as prescribed in Article 2B would apply, which include suspension or revocation of the wholesale license.

This administrative release updates and supercedes Administrative Release No. AB-9 issued May 7, 1997 on the subject of returned goods.

Charles W. Ehart, DPA
Director
Alcohol and Tobacco Tax Division