Please cut and paste the below text and place it on your letterhead, sign and return to us.

[WINERY NAME], [BONDED WINERY NUMBER (BW-CA-\_\_\_\_\_\_)] (“Winery”) hereby warrants that it is eligible to take the tax credit on wines permitted under Section 5041(c)(8) of the Internal Revenue Code.

During calendar year 2021, or until written notice is given to the contrary, Winery hereby authorizes H.P.D. Consolidation, Inc. dba Valley Wine Warehouse (“Valley”) to claim the wine excise tax credits at the rates listed below for the quantities removed from bond.

 -$1.00 per wine gallon on the first 30,000 wine gallons of wine removed from bond.

 -$0.90 per wine gallon over 30,000 gallons and up to 130,000 wine gallons removed from bond.

 -$0.535 per wine gallon over 130,000 gallons and up to 750,000 gallons removed from bond.

 -Standard rates will be applied for any removals over 750,000 gallons.

Winery warrants that it shall only request Valley to take the credit on wines that Winery has produced itself in accordance with applicable law.

Winery understands and agrees that its ability to take the wine credits, and thus Valley’s ability to take the credits on our wines removed from bond, must be in accordance with the following laws, rules and regulations:

1. The tax credits are only available to wines that a bonded winery has produced itself. Valley cannot claim the tax credits on wines purchased from other wineries and/or blended into the bottled product. Winery certifies that the wines that it is claiming have been **100% produced by Winery under its bonded winery number above.**

2. Any wines that have not been produced by Winery, or any wine blends that include wines that were not produced by Winery, may only be transferred to Valley tax paid by Winery.

3. Valley will calculate the applicable credit based on removals made by Valley during the calendar year. Eligibility to take the tax credits must also take into consideration credits taken by Winery itself and/or other bonded warehouses on Winery’s behalf. It is Winery’s responsibility to ensure that Valley is fully informed when any of the above gallonage thresholds are surpassed to ensure the reporting and payment of taxes at the proper rates.

4. Eligibility to take the tax credits must also take into consideration credits also taken by wineries in Winery’s control group as defined in Section 5041(c)(8) of the Internal Revenue Code. It is Winery’s responsibility to ensure that Valley is fully informed when any of the above gallonage thresholds are surpassed by Winery or any others in its control group to ensure the reporting and payment of taxes at the proper rates.

5. In the event of a change in exemption status, Winery agrees to notify Valley in writing immediately and agrees to pay for any additional taxes and penalties that may apply as a result of the change in eligibility.

6. Winery hereby agrees that Valley shall in no event be liable in any way for any additional taxes, penalties, claims or losses in any way related to Winery’s reporting and/or payment of excise taxes and/or Valley’s claiming of the tax credit as set forth above. Winery shall be solely responsible for, and shall indemnify and release Valley from any and all liability related to, any and all additional taxes, fees, penalties or fines related to underpayment, nonpayment and/or mispayment of any excise taxes.

Please email your completed letter to compliance@valleywinewarehouse.com and mail the original to my attention at P.O. Box 11056, Napa, CA 94581.

Sincerely,

Nancy Cornes

Compliance Manager