

**VIRGINIA
Form FWV**

**Application for Farm
Wineries and Vineyards Tax Credit**

Tax Year _____

**Submit this form by April 1 for expenditures made the preceding taxable year.
This credit must be approved before being claimed on your return.
See instructions for details.**

Name		FEIN
Trading As		Contact Name
Street Address		Office Use Only
City, State, ZIP Code		
Phone Number	FAX Number	Email

Entity Type: (Check One) ☐ Sole Proprietor ☐ C Corporation ☐ S Corporation
 ☐ Partnership ☐ LLC ☐ Other _____

The above named business qualifies as a:

- ☐ **Virginia farm winery** - "Virginia farm winery" is defined as an establishment located in the Commonwealth that is licensed as a Virginia farm winery pursuant to *Va. Code* § 4.1-207.
- ☐ **Virginia vineyard** - "Virginia vineyard" is defined as agricultural lands located in the Commonwealth consisting of at least one contiguous acre dedicated to the growing of grapes that are used or are intended to be used in the production of wine by a Virginia farm winery as well as any plants or other improvements thereon.

1. Enter the total amount of qualified capital expenditures. Attach a spreadsheet with description and amount of each qualified expenditure, date of purchase and supplier. Round to the nearest whole dollar.
 Be sure to retain the receipts for your records \$ _____ .00

2. Total credit requested. Multiply Line 1 by 25% (.25).
 Round to nearest whole dollar. \$ _____ .00

Declaration Under penalty of law, I have read and understand the limitations and restrictions of this credit.

Authorized Signature	Title	Date
Printed Name	Phone Number	
E-mail Address	FAX Number	

File Form FWV and supporting documentation no later than April 1 for expenditures made the preceding taxable year.

Instructions

Application for Farm Wineries and Vineyards Tax Credit

General Information

An individual and corporate income tax credit is available for Virginia farm wineries and vineyards in an amount equal to 25 percent of the cost of all qualified capital expenditures made in connection with the establishment of new Virginia farm wineries and vineyards and capital improvements made to existing Virginia farm wineries and vineyards. The purpose of this credit is to incentivize winery and vineyard establishment and expansion in Virginia by lessening the burden on Virginia vineyards and farm wineries.

Who May Apply?

Any Virginia vineyard or Virginia farm winery that has qualified capital expenditures may apply for this tax credit.

A “Virginia vineyard” means agricultural lands located in Virginia consisting of at least one contiguous acre dedicated to the growing of grapes that are used or are intended to be used in the production of wine by a Virginia farm winery as well as any plants or other improvements located thereon.

A “Virginia farm winery” means an establishment located in Virginia that is licensed as a Virginia farm winery pursuant to *Va. Code* § 4.1-207. Licensed Virginia farm wineries are authorized to manufacture wine containing 18 percent or less of alcohol by volume and to sell, deliver, or ship wine in closed containers to the following:

- The Virginia Alcoholic Beverage Control Board;
- Persons licensed to sell wine at wholesale for the purpose of resale; and
- Persons outside Virginia

Additionally, licensed Virginia farm wineries may:

- Acquire and receive deliveries and shipments of wine and sell and deliver or ship this wine to persons licensed to sell wine at wholesale for the purpose of resale or to persons outside Virginia and
- Store wine in bonded warehouses located on or off the licensed premises upon permits issued by the Virginia Alcoholic Beverage Control Board

Qualified Capital Expenditures

“Qualified capital expenditures” means expenditures made by the taxpayer for the purchase and installation of the following:

- Barrels
- Bins
- Bottling equipment
- Capsuling equipment
- Chemicals
- Corkers
- Crushers and destemmers
- Dirt
- Fermenters or other recognized fermentation devices
- Fertilizer and soil amendments

- Filters
- Grape harvesters
- Grape plants
- Hoses
- Irrigation equipment
- Labeling equipment
- Poles
- Posts
- Presses
- Pumps
- Refractometers
- Refrigeration equipment
- Seeders
- Tanks
- Tractors
- Vats
- Weeding and spraying equipment
- Wine tanks
- Wire

The total amount of tax credits available to all taxpayers for a calendar year cannot exceed \$250,000. If applications for this credit exceed \$250,000, the Department of Taxation will allocate the credits on a pro rata basis. Any credit amounts that exceed a taxpayer’s liability can be carried forward for ten years. Credits attributable to a partnership, S corporation, or LLC will be allocated to the individual partners, shareholders, or members in proportion to their ownership or interest in the business entity.

Taxpayers cannot claim both this credit and a federal deduction for the same expenses under IRC § 179.

Ineligible Expenditures

This credit may only be claimed for qualified capital expenditures. Any expenditure not included in the list of qualified capital expenditures is ineligible for this credit. Such ineligible expenditures include utilities, service costs, repair costs, and maintenance costs. Any supporting documentation must clearly differentiate the costs of qualified capital expenditures from ineligible expenditures.

To qualify for the credit, the capital expenditures must be made in connection with the establishment of a new Virginia farm winery or vineyard or capital improvements made to an existing Virginia farm winery or vineyard.

Supporting Documentation

Please attach a spreadsheet that contains the description and amount of each qualified expenditure, the date of purchase, and the supplier. You must retain a copy of any supporting documentation of these expenditures for your records. Supporting documentation may include any of the following:

- Proof of purchase, such as an invoice or receipt
- Proof of payment, such as a cancelled check, bank statement, or credit card statement

Issuance of Tax Credits

The Department of Taxation is responsible for administering the Farm Wineries and Vineyards Tax Credit. Because this credit is subject to an annual \$250,000 cap, taxpayers must apply for this credit each year. To apply for the credit, taxpayers must submit Form FWV at the beginning of each calendar year for qualified capital expenditures made during the preceding taxable year. If the amount of tax credit applications exceeds the \$250,000 maximum, the Department of Taxation will allocate all credits on a pro rata basis. Once all credit applications have been received, the Department of Taxation will issue credit certificates indicating the amount of credit that each taxpayer may claim on its annual tax return.

Any allocated credit amounts that exceed a taxpayer's liability can be carried forward for ten years. Credits attributable to a partnership, S corporation, or LLC will be allocated to the individual partners, shareholders, or members in proportion to their ownership or interest in the business entity.

When to Submit Application

Form FWV and any attachments must be completed and mailed no later than April 1 to claim expenditures for the preceding taxable year.

Where to Submit Application

Submit Form FWV and attachments to the **Department of Taxation, ATTN: Tax Credit Unit, P.O. Box 715, Richmond, VA 23218-0715** or fax it to **804-367-3021**. **Please do not do both.**

What to Expect from the Department of Taxation

All applicants should receive a letter acknowledging their FWV application. **If you have applied by the April 1 deadline and have not received an acknowledgment letter from us by May 15, please call the Tax Credit Unit at 804-786-2992.** The Virginia Department of Taxation will review all applications for completeness and notify taxpayers of any errors by June 1. If any additional information is needed, it must be provided no later than June 15 in order for the investment to be considered for the tax credit. All eligible taxpayers shall be notified by June 30 as to the allowable credit amount that may be claimed for the qualified investment.

What Does the Taxpayer Need to Do?

Upon receiving notification of the allowable credit amount, taxpayers may claim the allowable credit amount on the applicable Virginia income tax return and compute any carryover credit amount.

IMPORTANT

All business taxpayers should be registered with the Department of Taxation before completing Form FWV. If you are not registered, complete Form R-1.

Taxpayers who do not receive notification of allowable credit amounts before their Virginia income tax return due date may file during the extension period or file their regular return without the credit and then file an amended tax return after receipt of notification of the allowable credit amount to claim the tax credit.

Pass-Through Entities

Each pass-through entity must file **Form PTE** with the Department of Taxation within 30 days after the credit is granted. This information should be sent to: **Department of Taxation, Attn: Tax Credit Unit, P.O. Box 715, Richmond, VA 23218-0715 OR** you may fax it to **804-786-2800**. **Please do not do both.**

All pass-through entities distributing this credit to its owner(s), shareholders, partners or members must give each a Schedule VK-1, Owner's Share of Income And Virginia Modifications And Credits.

Where To Get Help

Write the **Department of Taxation, ATTN: Tax Credit Unit, P. O. Box 715, Richmond, VA 23218-0715** or call **804-786-2992**.