



COLORADO

Department of Revenue

Enforcement Division - Liquor & Tobacco

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BULLETIN 16-02

REFERENCE: DAMAGED PRODUCT RETURNS

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Colorado Liquor Enforcement Division

The Liquor Enforcement Division (Division) is continuing its efforts to address trade practice issues with the industry and will be holding monthly meetings in 2016 to determine what enforceable trade practices (if any) can be modified to create a more level playing field and allow more improved commerce in Colorado.

Last year's discussions included how retailers handle returns of damaged product to wholesalers. The Division was recently asked to provide guidance on how to handle damaged products while the industry meets to discuss modifications to the regulations.

Regulation 47-322(F)(3) states:

Wholesalers are permitted to accept a return of alcohol beverages previously sold to retailers for ordinary and usual commercial reasons and to provide account credit or product exchange. Such commercial reasons for return shall be limited to the following:

- b. Broken containers or short-filled containers/cases: Nothing shall prevent a retailer from making a claim for the replacement of alcohol beverages that were delivered by a wholesaler in a damaged or incomplete condition, and nothing shall prevent a wholesaler from granting credible claims.

Therefore, for a retailer to obtain credit for a damaged product, it must be from product delivered by a wholesaler in a damaged or incomplete condition. The credit must be equal to the value of the damaged or incomplete product or the credit may be an exchange of the product for the same product that is damaged or incomplete. The Division also recognizes damage could occur from a wholesaler employee while moving stock at a retailer account and a credit or exchange could be requested under this circumstance. However, the Division does not take a position whether or not the credit must be granted. That decision is left to the wholesaler and retailer working in cooperation.

Questions concerning this bulletin can be sent to dor_led@state.co.us. or call us at 303-205-2306.