

DRAFT FORM — NOT FOR FILING

This draft form has been updated to include the most recent changes effective for Tax Year 2026 Virginia returns. If legislative changes or issues arise, we will post a new version of this draft form.

Please continue to monitor tax.virginia.gov/early-release-forms for future drafts of this form. Once forms are final, we will post them on our website at tax.virginia.gov/forms.

**Virginia
Form FWV**

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

Tax Year

Submit this form by April 1.

This credit must be approved before being claimed on your return. See instructions for details.

Section I – Taxpayer Information

Business Name		FEIN / SSN
Trading As		Office Use Only
Street Address		
City, State, ZIP Code	Email Address	
Contact Name	Phone Number	Fax Number

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

Section II – Business Information

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 § 4.1-206.1.
- ☐ **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.

Section III – Credit Calculation

NOTE: Any expenses claimed as a federal deduction under IRC § 179 may not be included in the calculation of this credit.

1. Enter the total amount of qualified capital expenditures.

Enclose Schedule A with Form FWV giving the description and amount of each qualified expenditure, date of purchase, and supplier. Retain the receipts for your records

\$ 00

2. Total credit requested. Multiply Line 1 by 25% (.25).

\$ 00

Section IV – Declaration and Signature

I (we) the undersigned declare, under the penalties provided by law, that this form (including any accompanying schedules, statements, and attachments) has been examined by me (us) and is, to the best of my (our) knowledge and belief, a true, correct, and complete application, made in good faith pursuant to the income tax laws of the Commonwealth of Virginia.

Authorized Signature	Title	Date
Printed Name	Phone Number	
Email Address	Fax Number	

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

Form FWV
Schedule A

Farm Wineries and Vineyards
Tax Credit Schedule

Tax Year

Name as it Appears on Form FWV	FEIN / SSN
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Complete the below schedule if claiming the Farm Wineries and Vineyards Tax Credit. Copies of Schedule A can be submitted if additional space is needed.

NOTE: Any expenses claimed as a federal deduction under IRC § 179 may not be included in the calculation of this credit.

Date of Expenditure	Detailed Description of Expenditure	Supplier	Amount of Expenditure
			.00
			.00
			.00
			.00
			.00
			.00
			.00
			.00
			.00
			.00
			.00
			.00
			.00
			.00
			.00
Total Amount of Expenditures			\$.00

Instructions for Form FWV

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% 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 § 4.1-206.1. Licensed Virginia farm wineries are authorized to manufacture wine containing 21% 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 the 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 the Virginia Alcoholic Beverage Control Board, persons licensed to sell wine at wholesale for the purpose of resale, or to persons outside Virginia,
- Operate a contract winemaking facility on the premises of the licensee in accordance with Board regulations,
- Store wine in bonded warehouses located on or off the licensed premises upon permits issued by the Virginia Alcoholic Beverage Control Board, and
- Sell wine at retail at the places of business designated in the licenses, which may include no more than five additional retail establishments of the licensee. Wine may be sold at these business places for on-premises consumption and in closed containers for off-premises consumption, provided that any brand of wine not owned by the farm winery licensee is purchased from a wholesale wine licensee. In addition, wine may be pre-mixed by the licensee to be served and sold for on-premises consumption at these business places.

Qualified Capital Expenditures

"Qualified capital expenditures" means expenditures made by the taxpayer for the purchase and/or 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 10 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

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 canceled check, bank statement, or credit card statement.

Issuance of Tax Credits

The Department 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 will allocate all credits on a pro rata basis. Once all credit applications have been received, the Department 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 10 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.

For any application received without a postmark, the date received by the Department will be used to determine if the application was received by the filing deadline.

Where to Submit Application

Submit Form FWV and any enclosures to the **Virginia Department of Taxation, ATTN: Tax Credit Unit, P.O. Box 715, Richmond, VA 23218-0715** or fax it to **(804) 774-3902**. **Please do not do both.**

What to Expect from the Department

If the Department needs additional information the agency will contact you by May 1 and you will have until May 15 to respond. If you have not received acknowledgement of your application by May 31, call **(804) 786-2992**.

The Department will issue the credit by June 30. If you have not received your credit certification by July 15, please call **(804) 786-2992**.

NOTE: By providing an email address on the form, the taxpayer consents to allow emailed communications from the Virginia Department of Taxation related to this tax credit application. If the taxpayer does not wish to receive electronic communications, do not enter an email address in the spaces provided on the form.

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 businesses must be registered with the Virginia Department of Taxation prior to submitting Form FWV. To start the online registration process, visit tax.virginia.gov/register. If unable to register online, download and complete Virginia Tax **Form R-1**.

If the tax return upon which this credit will be claimed is due on or before May 1, you may need to either submit an extension payment for any tax due or file an amended return once you have received the credit certification.

Pass-Through Entities

Each pass-through entity must file **Form TCA** with the Department when allocating this credit to its participants. Form TCA should be filed within 30 days after the credit is granted, but at least 90 days prior to the participants filing their income tax returns. Failure to file Form TCA may result in the credit claim being disallowed and/or a delay in processing the participant's return. Form TCA should be sent to the **Virginia Department of Taxation, ATTN: Tax Credit Unit, P.O. Box 715, Richmond, VA 23218-0715** or you may fax it to **(804) 774-3902**. **Do not do both.**

Credits must be allocated among owners in proportion to each owner's percentage of ownership or participation in the pass-through entity.

All pass-through entities distributing this credit to its participants, including owners, shareholders, partners, or members must give each such participant a Schedule VK-1, Owner's Share of Income and Virginia Modifications and Credits.

Where to Get Help

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