

Policy and Procedure

Virginia Beer Distribution Company

Adopted: 6/11/2025

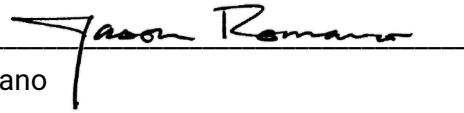
Revised:

Effective: 6/11/2025

Subject: Invoices

Approval: _____

Chair: Jason Romano



I. **Purpose**

The purpose of this policy is to establish comprehensive procedures for managing all aspects of invoicing within the Virginia Beer Distribution Company (VBDC). This includes issuance, payment processing, dispute resolution, and collection of outstanding invoices. By providing clear guidelines, this policy ensures financial accountability, operational efficiency, and equitable relationships between breweries, retail licensees, and VBDC.

Additionally, this policy outlines measures for addressing unpaid invoices through mechanisms such as debt setoff, debt collection, and the Office of the Attorney General, safeguarding VBDC's financial interests while maintaining compliance with applicable laws. This policy is intended to supplement the VBDC Operating Agreement by providing additional clarity on invoicing procedures and enforcement measures.

II. **Scope**

This policy applies to all invoicing activities conducted through VBDC, including issuance, payment processing, dispute resolution, and collection of outstanding invoices. It governs transactions involving VBDC agents, participating breweries, and retail licensees distributing Virginia beers. The policy aligns with Virginia ABC regulations, the Virginia Administrative Code (3VAC5-30-30), and the VBDC Operating Agreement.

This policy supplements the VBDC Operating Agreement by providing detailed procedures for handling invoices. Parties are expected to adhere to both this policy and the terms of the Operating Agreement in all transactions.

III. Invoice Issuance

A. Invoice Generation

- i. All invoices must be generated through the VBDC online ordering system upon approval of a purchase order (PO) by the brewery.
- ii. Breweries must print four (4) copies of each Distributor's Beer Invoice (DBI) from the system.
- iii. All invoices specify the manner of payment the retailer must pay by.

B. Delivery and Signature Requirements

- iv. Invoices must accompany all deliveries to retail licensees.
- v. Retail licensees must sign all four (4) copies of the DBI upon delivery to confirm receipt. The signed copies are distributed as follows:
 - One copy retained by the retail licensee.
 - One copy sent to VBDC for processing for COD payments only.
 - One copy kept in the VBDC Licensed Space for records retention purposes.
 - One copy retained by the brewery.
- vi. Invoices signed using mobile devices or electronic means are retained in the VBDC system to ensure proper documentation and compliance with VA ABC requirements.

C. Record Retention

- vii. All invoices must be retained in the VBDC Licensed Space for a minimum of two (2) years from the delivery date.
- viii. Invoices must be readily accessible for inspection by ABC or TTB agents at any time.

D. Accuracy and Amendments

- ix. Any changes to invoice quantities or prices must be made in the system prior to marking the order delivered.
- x. A selection for kegs picked up must be made prior to marking the order as delivered.

IV. Payment Processing

A. Payment Methods

- i. Payments from retail licensees to VBDC must be made using one of the following methods, as defined by 3VAC5-30-30(B):
 - Money order issued by a licensed firm authorized to operate in Virginia.
 - Valid check drawn upon a bank account in the name or trade name of the retail licensee.
 - Fintech Electronic funds transfer (EFT) or ACH initiated by VBDC from a bank account in the name or trade name of the retail licensee.

B. Timing of Payments

- ii. Payments must be collected **at the time of or prior to delivery**, except where payment is made by EFT (3VAC5-30-30(A)).
- iii. EFT payments must be initiated by VBDC no later than one business day after delivery, and funds must be credited to VBDC's account by the retailer's bank no later than the following business day (3VAC5-30-30(D)).
 - For orders designated Fintech or ACH as the payment terms, the VBDC Agent will initiate this payment by marking the order as delivered in the order system.

C. Payment Submission to VBDC

- iv. Agents collecting payments during delivery must immediately send transaction paperwork and payment (checks or money orders) to VBDC via U.S. mail.
- v. Transaction paperwork must include:
 - Signed Distributor's Beer Invoice (DBI).
 - Payment in an approved form (check or money order).
- vi. All transaction paperwork must be postmarked within two (2) business days from the delivery date stated on the DBI to avoid delays in payment processing to breweries.

D. Brewery Payments

- vii. VBDC will pay breweries for qualifying orders no less than once per month.
 - Transactions received after the last reconciliation date of each month will be paid in the subsequent month.
- viii. Payments to breweries will be made exclusively via EFT. Breweries must maintain updated banking information with VBDC.

E. Transaction Fees and Deductions

- ix.** Transaction fees are deducted from brewery payments as follows:
 - 4% for brewery licensees.
 - 3% for limited brewery licensees.
- x.** Additional deductions include:
 - ABC wholesale taxes paid by VBDC.
 - Refunds for eligible keg deposits credited to retail licensees.

V. Collection of Outstanding Invoices

VBDC's collection procedures for outstanding invoices are conducted in accordance with the Virginia Debt Collection Act (Va. Code §§ 2.2-4800 and 2.2-4806), which require state agencies to take all appropriate and cost-effective actions to aggressively collect accounts receivable, including the use of collection agencies, credit reporting bureaus, and referral to the Office of the Attorney General for qualifying debts.

A. Notification and Enforcement

- i.** Outstanding Status Notification:
 - If an invoice remains unpaid for more than fifteen (15) calendar days from the delivery date on the Distributor's Beer Invoice (DBI), VBDC will issue a formal notification to the retailer and copying the brewery regarding the outstanding balance.
- ii.** Resolution Period:
 - The retailer will have an additional fifteen (15) calendar days from the date of notification to resolve the outstanding balance.
- iii.** Escalation Procedures:
 - If the invoice remains unresolved after thirty (30) calendar days:
 1. The brewery may be subject to delayed future payments. In accordance with Va. Code § 58.1-535, VBDC may also pursue recovery of unpaid debts through the Virginia Setoff Debt Collection Act, which authorizes the offset of state payments otherwise due to the debtor.
 2. VBDC reserves the right to suspend further transactions involving the non-compliant retail licensee until the outstanding balance is cleared.
 3. Continued non-compliance may result in termination of distribution privileges for the brewery or the retail licensee as per

VBDC's discretion and in accordance with Virginia ABC guidelines and the Virginia Administrative Code (3VAC5-30-30).

Version History		
Version	Date	Change Summary
1	6/11/2025	Policy adopted

VI. **Formal Notification Template**

Click or tap to enter a date.

Outstanding Invoice Notification – Immediate Action Required

Dear [Retailer],

This serves as notice that the payment for VBDC invoice [INVOICE #] delivered on [DELIVERY DATE] has not been received and is now past due. The total amount due is \$[AMOUNT]. Please submit payment no later than [DATE]. Invoice Number: [Invoice #]

As authorized by Code of Virginia, §2.2-4800, The Virginia Debt Collection Act establishes the Commonwealth's overall policy requiring all agencies and institutions to take "...all appropriate and cost-effective actions to aggressively collect its accounts receivable." In accordance with Code of Virginia §2.2-4806, failure to remit payment(s) will result in further collection actions, including but not limited to credit bureau reporting, third party collection agencies, judgements, garnishments, liens and administrative offsets.

After 30 days past due, Commonwealth of Virginia regulations require us to submit your debt to the Commonwealth of Virginia Set Off Debt Collection Program. In accordance with Code of Virginia § 58.1-535, the Virginia Department of Taxation is authorized to apply any Virginia Income Tax refund and certain Virginia State Lottery prizes in its possession on deposit belonging to you for repayment of any delinquent account owed to a Commonwealth of Virginia agency.

Checks should be made **payable to Virginia Beer Distribution Company** and mailed to the Virginia Department of Agriculture (VDACS c/o VBDC) **P.O. Box 1314, Richmond, VA 23218** for USPS mail or **102 Governor St, Richmond, VA 23219** for FedEx or UPS mail. There will be a \$50.00 returned check fee assessed on returned checks.

If you have any questions or believe this invoice has been paid previously, please contact me by phone at **(804) 402-4141** or by email at Dakota.Rust@vdacs.virginia.gov.

Sincerely,

Dakota Rust

Operations Manager

Virginia Beer Distribution Company