

Craft Breweries: Update on Available Federal and NYS Tax Incentives

Continuing the Rebirth of Buffalo and Western New York One Sip at a Time

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Buffalo and Western New York has always been known for harsh winters and a work hard, play hard, blue collar town mentality. In recent years, the region is also becoming known for its resurgence in “ex-pats” returning to their roots, a re-birth of the water front, and its rapidly growing craft beer scene. Currently, the Buffalo area has over 30 craft breweries and distilleries and it feels as though a new brewery or distillery is popping up on a regular basis. As is the case with any new business, breweries must be aware of their compliance issues and many incentives that the federal and state governments are providing small businesses, start-ups, and in particular the brewing industry.

>> With the production and distribution of alcohol being highly regulated at both the federal and state levels, below are some federal and state tax incentives that should be considered by start-up and established breweries.

Federal Tax Incentives:

- Research and Development Credits (R&D)
 - Costs associated with the development of new brews, to improve bottling or canning, or to improve the brewing process may qualify for R&D credits.
- FICA Tip Credit
 - In many cases, the breweries in western New York have an associated restaurant as a part of its operations. If servers are being used, they often receive tips that must be reported, are subject to FICA and the brewery will have to match the FICA amount. The tip credit allows the brewery to offset some of the costs associated with the matching portion of the FICA paid.

New York State Tax Incentives:

- NY Manufacturers Real Property Tax Credit
 - A credit in the amount of 20% of eligible real property tax paid during the year is available if you are a qualified NY manufacturer.
- NY Investment tax credit
 - A credit is available for investment in new or used tangible personal property or other tangible property (including buildings and structural components of buildings) and is used in the production of goods by manufacturing. This credit is also a refundable credit for the first five years of the business.

Above is a short list of items that should be considered by any brewery whether in the startup phase or the growth phase of their business. There are also many other incentives for these types of businesses, such as startup incentives and small business incentives that should be considered in conjunction with tax incentives discussed.

For more information about how these tax incentives can help your business, please contact:



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Kevin provides accounting and tax services for both businesses and individuals. He works with closely-held business clients, providing accounting services, financial statement preparation, tax compliance and tax planning services. As an accredited QuickBooks ProAdvisor, he provides assistance with QuickBooks installation, setup, reporting and other day-to-day functions for the software.