

Time to celebrate with Beer: Reductions to the Craft Beverage Excise Tax Rate

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The Tax Cuts and Jobs Act of 2017 (H.R.1) was signed by the President on December 22, 2017. Included in the bill was a reduced excise tax rate on craft beverages.

- **Small brewers** (producing fewer than 2 million barrels annually) are taxed at \$3.50 (originally \$7.00) per barrel on the first 60,000 barrels domestically produced, and \$16 (originally \$18) per barrel on any further barrels produced.
- **Large brewers** (producing over 2 million barrels annually) also receive a benefit under the act, the rate of tax on beer is lowered to \$16 per barrel on the first six million barrels brewed by the brewer and \$18 per barrel over six million.

According to the Beer Institute, more than 40 percent of the retail cost of beer goes toward taxes. With these changes, brewers (both large and small) should expect a significant reduction in operating taxes and improve the industry average margin of eight percent. Small craft brewers stand to see the biggest gain, as their Federal excise tax is cut in half on their first 60,000 barrels produced (a savings of \$210,000 on the first 60,000 barrels).

For more information, please contact:



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Eric embraces the challenges of taxes and puts them to work for the client. He focuses on every aspect of a client's needs, from preparing top-level corporate and partnership returns through to the culmination of member and shareholder individual returns. Taking into account the ever changing tax laws, Eric researches the complex topics that affect his client's taxes so that he may efficiently plan his process and yield the optimal results.

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