

## Time to celebrate with a glass of wine: Reductions to the Craft Beverage Excise Tax Rate

Eric R. Soro, CPA

esoro@dopkins.com

January 2018

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 reduced rates of excise tax on certain wines. We have provided a quick update on what's new.

### Excise Tax on Alcohol Content:

#### OLD LAW:

Tax	Tax Rates
"Still Wines" not more than 14 percent alcohol	\$1.07 per wine gallon
"Still wines" more than 14 percent, but not more than 21 percent, alcohol	\$1.57 per wine gallon
"Still wines" more than 21 percent, but not more than 24 percent, alcohol	\$3.15 per wine gallon
"Still wines" more than 24 percent alcohol	\$13.50 per proof gallon (taxed as distilled spirits)
Champagne and other sparkling wines	\$3.40 per wine gallon
Artificially carbonated wines	\$3.30 per wine gallon

#### NEW LAW:

Tax	Tax Rates
"Still Wines" not more than <b>16</b> percent alcohol ( <b>Includes "mead" and "certain sparkling wines"</b> )	\$1.07 per wine gallon
"Still wines" more than <b>16</b> percent, but not more than 21 percent, alcohol	\$1.57 per wine gallon
"Still wines" more than 21 percent, but not more than 24 percent, alcohol	\$3.15 per wine gallon
"Still wines" more than 24 percent alcohol	\$13.50 per proof gallon (taxed as distilled spirits)
Champagne and certain sparkling wines	\$3.40 per wine gallon
Artificially carbonated wines	\$3.30 per wine gallon

### Credit available against Excise Tax:

- **Old Law:** "Small" Wineries were defined as having aggregate annual production not exceeding 250,000 gallons.
  - The credit:
    - \$0.90 per gallon on the first 100,000 gallons of wine domestically produced and removed during a calendar year.

## Time to celebrate with a glass of wine: Reductions to the Craft Beverage Excise Tax Rate

Eric R. Soro, CPA

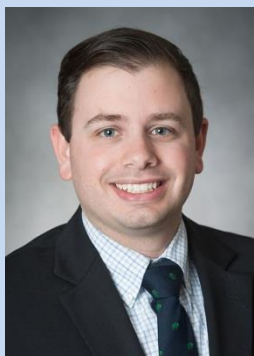
esoro@dopkins.com

January 2018

- The credit is reduced by 1% for each 1,000 gallons produced in excess of 150,000 gallons.
- The credit did not apply to sparkling wines.
- **New Law:** All wineries can join in the fun; the bill removes the 250,000 wine gallon domestic production limitations. The provision also includes sparkling wine producers and importers.
  - The credit:
    - (1) \$1.00 per wine gallon for the first 30,000 wine gallons of wine, plus
    - (2) \$0.90 per wine gallon on the net 100,000 wine gallons of wine, plus
    - (3) 53.5 cents per wine gallon on the next 620,000 wine gallons of wine.

***For more information, please contact:***

○



### **Eric R. Soro, CPA**

Manager

esoro@dopkins.com ▪ 716.634.8800

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.