KPMG

TaxNewsFlash

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Regulations: Bond requirements, filing periods concerning excise taxes on alcoholic beverages

The Alcohol and Tobacco Tax and Trade Bureau (TTB) of the U.S. Treasury Department today released for publication in the Federal Register temporary regulations and, by cross-reference, proposed regulations to implement legislative changes concerning alcohol excise taxes.

Read the **temporary regulations** [PDF 905 KB] and the **proposed regulations** [PDF 475 KB]

Regulations and excise taxes

The TTB administers provisions of chapter 51 of the Code pertaining to the taxation of distilled spirits, wines, and beer. Today's releases from the TTB amend the regulations relating to excise taxes imposed on distilled spirits, wines, and beer in order to implement certain changes made to the Internal Revenue Code of 1986 by the *Protecting Americans from Tax Hikes Act of 2015* (PATH Act). In general, these regulations:

- Implement a provision of the PATH Act that amends the Code to authorize a new annual return period for deferred payment of excise tax for certain taxpayers, in addition to the pre-existing quarterly and semi-monthly deferred payment periods authorized under that section

- Remove bond requirements for certain taxpayers eligible to pay taxes on distilled spirits, wines, and beer using quarterly or annual return periods and that pay taxes on a deferred basis, to the extent those products are for nonindustrial use

- Amend the rules governing the submission of reports by certain eligible excise taxpayers

The preamble explains that the term “deferred payment of tax” refers to payment using one of the three return periods prescribed under the Code (semi-monthly, quarterly, or annually) other than immediate payment each time the tax becomes due for payment. The excise taxes on distilled spirits, wines, and beer generally become due for payment when the products are removed from qualified facilities in the United States or imported into the United States. To be eligible to use the annual or quarterly return periods, the taxpayer must reasonably expect to be liable for not more than $1,000 in excise taxes in the case of annual returns, or $50,000 in excise taxes in the case of quarterly returns, for the calendar year and must have been liable for not more than these amounts in the preceding calendar year. Because the ceiling amounts of $1,000 and $50,000 are based on liability for payment of taxes by return under section 5061, they do not include liability for taxes imposed but not necessarily due—such as liability associated with taxes imposed on distilled spirits, wines, and beer produced in or imported into the United States that have not been removed from qualified facilities on payment or determination of tax.

For more information, contact a tax professional with KPMG’s Excise Tax Practice group:

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