

# Alcoholic Beverage Taxes

**R**esponsibility for administering Ohio's taxes on alcoholic beverages is split between the Ohio Department of Taxation and the Ohio Department of Commerce's Division of Liquor Control. This chapter covers only the role of the Department of Taxation, which is the administration of taxes on beer, wine, cider and mixed beverages of up to 21 percent alcohol by volume.

Tax payments from excise taxes on beer, wine, cider and mixed beverages totaled approximately \$55.9 million in fiscal year 2008. This revenue is distributed to the General Revenue Fund, except for 5 cents of the tax on each gallon of wine, which is designated for the research and study of grapes and grape products under the direction of the Ohio Grape Industries Committee.

The Department of Taxation also administers county permissive taxes on beer, wine, cider and mixed beverages. Cuyahoga County is currently the only county that levies such taxes; in 2008, the General Assembly prohibited new local taxes on alcohol (see **Recent Legislation**).

## Taxpayer

The excise taxes on alcoholic beverages are paid by the manufacturers, importers, and wholesale distributors who sell and distribute in and to Ohio.

Type of Product	Code Section	Taxpayer
Bottle and canned beer	4301.42	Manufacturer, bottler, canner, or wholesale dealer
Wine	4301.43	Manufacturer, wholesale dealer, or retail dealer
Mixed Beverages	4301.43	Manufacturer, wholesale dealer, or retail dealer
Beer in barrels	4305.01	Manufacturer or consignee

## Tax Base

(Ohio Revised Code 4301.01)

The tax base is comprised of beer, wine, cider, and mixed beverages up to 21 percent alcohol by volume. These beverages are defined in law as follows:

**Beer** – Brewed or fermented from malt products and containing at least 0.5 percent but not more than 12 percent alcohol by volume.

**Mixed Beverages** – Mixture of wine or distilled spirits with carbonated or noncarbonated flavoring materials and containing at least 0.5 percent and not more than 21 percent alcohol by volume.

**Wine** (including sparkling wine and vermouth) – Fermented juices of grapes, fruits or other agricultural products and containing at least 0.5 percent and not more than 21 percent alcohol by volume; wine is subject to the excise tax if the alcoholic content by volume is 4 percent or more and not greater than 21 percent.

**Cider** – Fermented juices of apples including flavored, sparkling, or carbonated cider containing at least 0.5 percent and not more than 6 percent alcohol by weight.

A separate tax on liquor gallonage is administered by the Division of Liquor Control.

## Rates

Excise tax rates on each alcoholic beverage vary by type and alcohol content. The state tax rates are as follows:

Type of Product	Code Section	Measure	Rate
Beer in bottles or cans	4301.42	6 oz. or fractional part thereof	0.84 cent(s) <sup>1</sup>
Wine (containing alcohol 4.0 - 14% by volume)	4301.43 – 4301.432	Gallon	32 cents
Wine (containing alcohol 14 - 21% by volume)	4301.43 – 4301.432	Gallon	\$1.00
Vermouth	4301.43 – 4301.432	Gallon	\$1.10
Sparkling and carbonated wine and champagne	4301.43 – 4301.432	Gallon	\$1.50
Cider	4301.43	Gallon	24 cents
Mixed Beverages	4301.43	Gallon	\$1.20
Beer in barrels	4305.01	31 gallons	\$5.58

Cuyahoga County's rates are 16 cents per gallon of beer, 32 cents per gallon of wine and 24 cents per gallon of cider.

## Exemptions and Refunds

(R.C. 4301.23, 4303.332, 4303.333, 4307.05)

Exemptions and refunds include the following:

- a member of the clergy or an official of a religious group will receive an exemption on sacramental wine purchased for use in religious rites.
- any sale made to the federal government or any of its agencies is exempt by federal law.

<sup>1</sup> The rate on bottles and cans having less than 12 ounces is 0.14 cent(s) per ounce.

- a taxpayer who makes sales of alcoholic beverages for resale outside Ohio will receive a refund for the amount of tax paid.
- any licensed Ohio brewer whose total production, wherever produced, does not exceed 31 million gallons in a calendar year will receive a credit against their excise tax the following year, and a refund on any excise tax paid during the current year, on up to 9.3 million gallons of beer distributed in Ohio.
- any licensed Ohio wine producer whose production does not exceed 500,000 gallons in a calendar year will be granted an exemption from the excise tax during the following year and a refund on any excise tax paid during the current year.

## Filing and Payment Dates

(R.C. 4303.33, 4301.422)

Filing and payment schedules vary according to the type of permit.

### Beer Permit Holders

Advance payments are due on or before the 18th day of each month for that month's estimated tax liability.

Monthly payments are due on or before the 10th day of the month for the previous month's liability.

### Wine and Mixed Beverage Permit Holders

Monthly payments are due on or before the 18th day of each month for the previous month's liability.

### County Permissive Levies

Monthly payments are due on or before the last day of the month for the previous month's liability.

## Discounts and Additional Credits

(R.C. 4303.33, 4301.422)

Discounts and additional credits are available for collection and timely payment of tax liability by permit holders.

### Beer Permit Holders

An advance pay credit is available equal to 3 percent of the amount of tax received by the 18th day of the month for which the tax is paid. Also, a discount is offered on the balance of tax due (after the advance payment) if received by the 10th day of the following month. This additional discount is the smaller of the following: 3 percent of 10 percent of the advance payment or 3 percent of the net amount of tax due after deducting the advance payment.

### Wine and Mixed Beverage Permit Holders

A 3 percent discount is available on the amount of monthly payment if the payment is received on or before the 18th day of the month for the previous month's tax liability.

### County Permissive Levies

Taxpayers filing timely returns and making timely payments receive a 2.5 percent discount on the tax liability due.

## Disposition of Revenue

(R.C. 924.51-.55, 4301.43, 4301.432, 4301.46, 4305.01, 4301.423)

### State Levies

All of the excise tax levied on wine, beer, cider and mixed beverages is paid into the General Revenue Fund except for 5

cents per gallon of the excise tax on wine, which is paid into the Grape Industries Special Account to provide funds for research, development, and marketing of grape products in Ohio.

### County Permissive Levies

The Local Excise Tax Administrative Fund receives 2 percent of all collections for the Department of Taxation's administrative expenses. The remaining revenue collected is distributed to the county in the month following collection.

## Administration

(R.C. 4307.04)

The Tax Commissioner administers alcoholic beverage taxes on beer, wine, cider and mixed beverages of up to 21 percent alcohol by volume. The Division of Liquor Control, in the Ohio Department of Commerce, administers the liquor gallonage tax. The Division of Liquor Control is also responsible for issuing, suspending, and revoking all permits to manufacture, distribute, and sell alcoholic beverages.

## Ohio Revised Code Citations

Chapters 924, 4301, 4303, 4305, 4307, 4309.

## Recent Legislation

**House Bill 562, 127th General Assembly (signed June 24, 2008; effective dates varied).**

**Local alcoholic beverage taxes prohibited** – Amended R.C. 4301.421 and R.C. 4301.424, effective Sept. 22, 2008, to prohibit any local entity from enacting a new levy on alcoholic beverages.

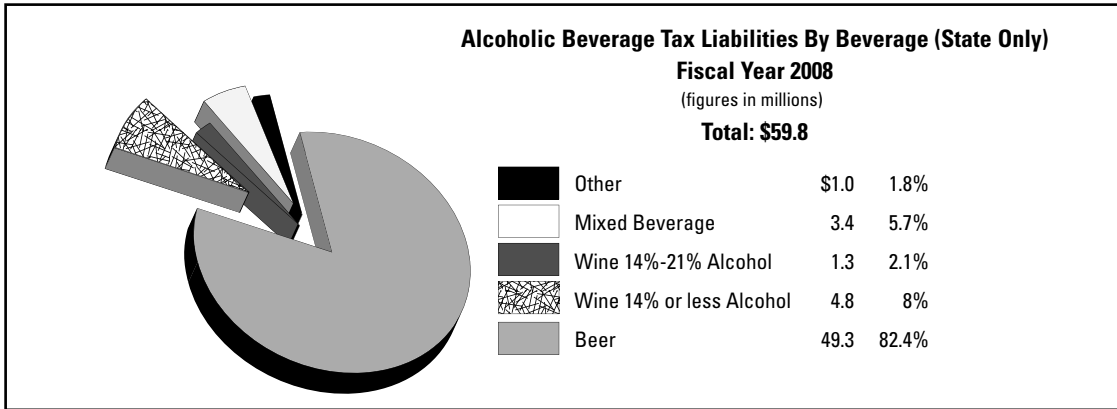
**Refunds required for some permit holders** – Required the Department of Taxation to refund all but two cents of the excise tax on wine to B2a or S permit holders that had paid the full amount of excise tax. This provision was made retroactive to Oct. 1, 2007 (see discussion below in **Senate Bill 150**).

**Senate Bill 150, 127th General Assembly (effective Sept. 1, 2008, or, for certain provisions, July 1, 2008).**

**Wine production threshold increased** – A provision effective Sept. 1, 2008 amended R.C. 4303.071 and R.C. 4303.232 to raise the threshold at which wine manufacturers are eligible for Ohio B2a and S liquor permits from 150,000 gallons to 250,000 gallons.

**Wine excise tax lowered for some permit holders** – A change to R.C. 4301.432, effective July 1, 2008, lowers the state excise tax on wine to only two cents per gallon for all B2a and S permit holders. This provision was made retroactive to Oct. 1, 2007, by requiring refunds on all wine sold to Ohio retailers and consumers on which the full amount of excise tax had been paid.

**Chart**



**Table 1**

**Alcoholic Beverage Taxes Payments and Credits:  
Fiscal Year 2008**

Type of Beverage	Gross Tax	Credits and Discounts	Net Tax Receipts
<b>Beer:</b>			
Advance tax payments	\$38,333,201	\$1,116,501	\$37,216,700
Payment with return	9,058,295	73,273	8,985,022
<b>Sub Total</b>	<b>\$47,391,496</b>	<b>\$1,189,774</b>	<b>\$46,201,722</b>
<b>Wine and mixed beverages:</b>			
Payment with return	\$9,977,121	\$324,624	\$9,652,497
<b>Total</b>	<b>\$57,368,617</b>	<b>\$1,514,398</b>	<b>\$55,854,219</b>

Source: Department of Taxation, as reported on tax returns.

**Table 2**

**Alcoholic Beverage Taxes Liability as Reported on Returns:  
Fiscal Years 2006 - 2008**

Type of Beverage	Amount of Tax Liability		
	2006	2007	2008
Beer	\$49,622,845	\$48,084,924	\$49,297,212
Wine 14% or less Alcohol	4,546,619	4,645,980	4,813,962
Wine > 14-21% Alcohol	1,200,710	1,209,550	1,307,173
Mixed Beverages	3,206,023	3,317,637	3,363,515
Vermouth	102,187	80,755	94,960
Sparkling Wine	877,231	887,375	877,175
Cider	32,187	35,716	44,739
<b>Total</b>	<b>\$59,587,802</b>	<b>\$58,261,937</b>	<b>\$59,798,736</b>

Source: Department of Taxation, as reported on tax returns.  
 Amounts represent tax liability as opposed to tax payments reported on Table 1.

**Table 3**

**Cuyahoga County Beer and Wine Liabilities as Reported on Returns:  
Fiscal Years 2006 - 2008**

Type of Beverage	2006	2007	2008
Beer	\$4,870,856	\$4,510,208	\$4,830,995
Wine	1,209,091	1,168,965	1,149,960
<b>Total</b>	<b>\$6,079,947</b>	<b>\$5,679,173</b>	<b>\$5,980,955</b>

Source: Department of Taxation, as reported on tax returns.  
 Amounts represent tax liability as opposed to tax payments reported on Table 1.