

ALCOHOLIC BEVERAGE TAX

STATUTORY PROVISION

Title 4, Delaware Code Chapter 5.

COLLECTION/ADMINISTRATIVE AGENCY

The Delaware Division of Revenue administers and collects all taxes due under the alcoholic beverage tax code. The Alcoholic Beverage Control Commission (ABCC) regulates and licenses firms that sell or distribute alcohol.

GENERAL LIABILITY

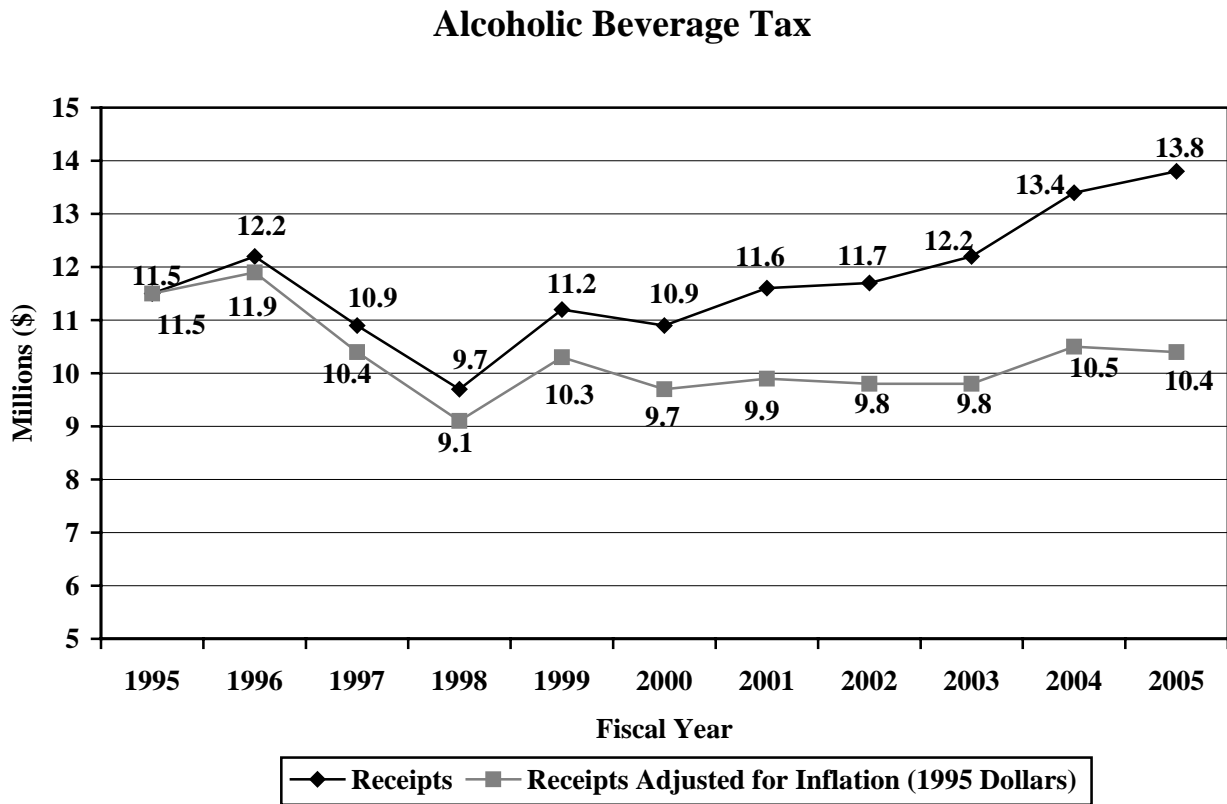
All alcoholic liquors purchased and received from a manufacturer or imported are subject to the excise tax imposed by the Liquor Control Act when at rest in the State. Taxes are levied on a gallon or barrel basis, with rates varying according to the category of alcoholic beverage. Alcohol intended for sacramental, medical, veterinary, pharmaceutical, scientific, or manufacturing use is exempt from tax.

TAX RATES

TYPE OF ALCOHOL	TAX RATE
Beer	\$4.85 per barrel (31 gallons/barrel)
Cider	\$0.16 per gallon
Wine	\$0.97 per gallon
Distilled spirits with 25% or less ethyl alcohol by volume	\$2.50 per gallon
Distilled spirits with more than 25% ethyl alcohol by volume	\$3.75 per gallon
For each gallon of alcohol per gallon of ethyl alcohol contained	\$4.85 per gallon

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TAX RECEIPTS



LEGISLATIVE HISTORY

<u>Approved Date</u>	<u>Effective Date</u>	<u>Description of Changes</u>
-	5/11/70	Lowered to 21 the minimum age at which a person may sell, handle, or serve alcoholic beverages (was 25). Prohibited the employment of persons less than 21 years old in licensed hotels, restaurants, and clubs with authorization of the ABCC (57 Del. Laws c 418).
7/30/71	8/15/71	Increased the tax on liquor with 25% or less ethyl alcohol to \$1.50 per gallon, from \$0.90 per gallon. Increased the tax on liquor with more than 25% ethyl alcohol to \$2.25 per gallon, from \$1.65 per gallon (58 Del. Laws c 294).
-	10/1/72	Decreased the tax on wine to \$0.40 per gallon, from \$0.80 per gallon (58 Del.

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-	10/1/72	Decreased the tax on wine to \$0.40 per gallon, from \$0.80 per gallon (58 Del. Laws c 584).
-	6/25/73	Required persons selling any alcoholic beverage intended for importation in Delaware to obtain a supplier's license from the ABCC (subject to certain exemptions) (59 Del. Laws c 107).
-	2/7/76	Allowed refunds of any taxes paid by an importer or wholesaler on beer sold to an instrumentality of the U.S. Armed Forces (60 Del. Laws c 322).
7/20/84	7/20/85	Added a license fee of \$500 for cabarets (64 Del. Laws c 437). Added a license fee of \$225 for restaurants that sell only wine (64 Del. Laws c 436; SB 488).
7/12/85	7/12/85	Added a license fee of \$250 to sell beer and/or wine at a restaurant (65 Del. Laws c 152; SB 100).
6/15/86	6/18/86	Added a license fee of \$50 for retail liquor stores that hold "no charge" wine-tasting sessions on their premises (65 Del. Laws c 283; SB 251).
6/29/90	9/1/90	Increased by 143% the tax rates on all alcoholic beverages. Beer tax to \$4.85 per barrel; wine to \$0.97 per gallon; spirits with 25% or less alcohol to \$3.64 per gallon; and spirits with more than 25% alcohol to \$5.46 per gallon (67 Del. Laws c 258; HB 771).
8/1/91	1/1/92	Repealed various procedural provisions in light of enactment of Title 30, Chapter 5 (68 Del. Laws c 187; HB 281).
2/11/92	2/11/92	Created a \$1,000 license fee for a brewery pub (68 Del. Laws c 205; HB 302).
4/6/93	4/6/93	Introduced a \$1,000 biennial license to sell beer, wine, and spirits at multi-purpose sports facilities (69 Del. Laws c 6; HB 86).
7/11/96	1/2/97	Reduced the tax rates on distilled spirits as follows: spirits containing 25% or less ethyl alcohol to \$2.50 per gallon, from \$3.64 per gallon; spirits containing more than 25% alcohol reduced to \$3.75, from \$5.46 per gallon (70 Del. Laws c 488; HB 716).
7/18/96	7/18/96	Introduced a tax rate of \$0.16 per gallon of cider (70 Del. Laws c 559; HB 572).

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<u>Approved Date</u>	<u>Effective Date</u>	<u>Description of Changes</u>
7/17/97	8/16/97	Added a license fee for a brewery or microbrewery manufacturing beer or cider: \$1,000 if manufacturing less than 25,000 barrels per year; \$2,000 if manufacturing more than 25,000 but less than 50,000 barrels per year; \$4,000 if manufacturing more than 50,000 but not more than 100,000 barrels per year; \$6,000 if manufacturing more than 100,000 barrels per year (71 Del. Laws c 211; HB 132).
7/16/97	7/16/97	Created an additional class of retail liquor license for certified air passenger carriers maintaining and operating a warehouse storage facility in the state where alcoholic liquors are stored to restock liquor carts on aircraft. The license fee is \$500 (71 Del. Laws c 182; HB 353).
6/25/98	6/25/98	Authorized the home-brewing of beer for personal use. Ensured that home-brewed beer was tax-exempt and that it can be transported for personal use in limited quantities (71 Del. Laws c 315; HB 407).
7/8/98	7/8/98	Added a license fee to conduct wine auctions: \$1,000 biennial fee. Permitted non-profit organizations to conduct a wine auction for a fee of \$50 per event (71 Del. Laws c 383; HB 630).
7/23/99	6/1/00	Permitted Delaware residents to make purchases of wine and beer in limited quantities from “direct shipper” manufacturers, importers, and wholesalers (72 Del. Laws c 230; SB 175 w/HA 1 & SA 1).
12/16/99	12/16/99	Alcoholic Beverage Control Commission issued Rule 76 to maintain the tax rates established in 1996 by 70 <u>Delaware Laws</u> Ch. 488.
6/30/00	6/30/00	Entitled importers and wholesalers to a refund of any tax paid to the Department of Finance on alcoholic liquors sold to any instrumentality of the armed forces of the United States (72 Del. Laws c 374; SB 75).
5/15/03	5/15/03	Allowed retail sales of Alcohol between noon and 8 pm on Sundays. Provision is to expire two years after enactment. (74 Del. Laws c 29,;SB 41).
7/1/04	7/1/04	Clarified that only the State of Delaware may impose a license fee or tax on the business of manufacturing, supplying, distributing or selling alcoholic liquor. (74 Del. Laws c 312; HB 359)

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FILING PROCEDURES

Rules and regulations for the determination, collection and payment of alcohol excise taxes are published and administered by the Delaware Division of Revenue. Manufacturers and distributors of alcoholic liquor intended for sale in the State are required to hold alcohol licenses from the Alcoholic Beverage Control Commission, as well as business licenses from the Division of Revenue. Taxes on beverage alcohol are collected from the importing liquor wholesaler.

In cases in which manufacturers (brewpubs, microbreweries, and farm wineries) sell alcoholic beverages directly to consumers, the tax is paid by the manufacturer. Licensed liquor wholesalers must file with the Division of Revenue certified statements of wine and spirits purchases. Statements must be received by the Division on the third business day following the fifteenth day and the third business day following the last calendar day of each month. Licensed wholesalers must file with the Division of Revenue certified statements of beer purchases by the third business day following the last calendar day of the month.

PAYMENT DATES

Tax payments must be made at the same time certified importation statements are filed with the Division of Revenue.