TaxNewsFlash

United States

No. 2019-621
December 30, 2019

Craft beverage excise tax provisions extended through 2020; wine credit transfers

The Alcohol and Tobacco Tax and Trade Bureau (TTB) of the U.S. Treasury Department issued a release noting that the craft beverage modernization and tax reform provisions of the 2017 U.S. tax law (Pub. L. No. 115-97)—the law that is often referred to as the "Tax Cuts and Jobs Act"—have been extended for one additional year, through December 31, 2020. The craft beverage modernization provisions are included in the appropriations legislation that was signed into law by the president on December 20, 2019.

TTB is a bureau of the U.S. Treasury Department that administers provisions of the tax laws that impose a federal excise tax on distilled spirits, wine, beer, tobacco products, cigarette papers and tubes, as well as firearms and ammunition.

The **TTB release** (December 23, 2019) briefly notes that the extended craft beverage modernization provisions include:

- Reduced rates of tax and tax credits
- Tax classification changes for certain wines
- Transfer of beer in bond between breweries of different ownership
- Transfer in bond of bottled spirits

TTB also updated a **summary** of these excise tax provisions on a webpage concerning the Tax Cuts and Jobs Act.

Transfer of certain wine tax credits

In addition to extending the 2017 craft beverage modernization (CBMA) measures, the TTB release explains that the new law retroactively applies the pre-CBMA small wine producer credit transfer provisions to the CBMA wine credits as if those credit transfer provisions had applied since January 2018.

TTB further noted that beginning January 1, 2020, the alternate procedure authorized by TTB's Industry Circular 2018-1A will no longer be in effect. TTB stated it will update guidance as well as issue new guidance for bonded wine cellars and wineries that may want to transfer retroactively wine tax credits for 2018 and 2019.

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

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