



TABC

Filing Excise Tax Reports

**What Do I Need To Know
About**

Filing Excise Tax Reports



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Filing Excise Tax Reports

TABC wants your business to prosper. One part of your success is understanding how Texas law affects your business. We've designed this course to provide the basics of what you can and can't do with your business. This is a summary of your responsibilities and isn't meant to be an exhaustive list. Please see the [Alcoholic Beverage Code](#) (Code) and [TABC Administrative Rules](#) (Rules).



What is an Excise Tax?

- This is a tax that is assessed on the “first sale” of alcohol in Texas (Alc. Bev. Code, Chapter 201).
- The “first sale” is normally to a retailer but when a manufacturer is authorized to make a sale to consumer, that is also considered a “first sale”.
- For each permit/license, a “first sale” occurs:
 - When a **Distributor/Wholesaler** sells to a Retailer
 - When a **Brewer’s License** sells to a Consumer or a Retailer
 - When a **Brewpub** sells to a Consumer or a Retailer
 - When a **Distiller** sells to a Consumer
 - When a **Winery** sells to a Consumer or a Retailer
 - When a **Direct Shipper** sells to a Consumer



Who is Required to File An Excise Tax Report?

- Brewer's License – Use Form C-235
- Brewpub License – Use Form C-234
- Carrier's Report – Use Form C-200
- Direct Shipper's Report – Use Form C-240-QTR or C-240-MO
- Distiller's or Rectifier's Permit – Use Form C-212
- General or Branch Distributor's License – Use Form C-230
- Nonresident Brewer's License – Use Form 231
- Nonresident Seller's Report – Use Form C-205
- Winery Permit – Use Form C-215
- Warehouse Report – Use Form C-200
- Wholesaler's or Class B Wholesaler's Permit – Use Form C-210



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All license holders that file excise tax reports will need to claim their business in AIMS. Once you have claimed your business in AIMS you will be able to submit your excise tax reports and make applicable payment through the system.

For more information regarding AIMS, please visit TABC's [AIMS](#) webpage.



What is Timely Filing of Excise Tax Reports?

- Reports are due on the 15th day of each month.
- They cover “first sales” that occurred during the entire preceding **calendar** month.
- A report is required to be filed each month, even if no sales occurred the preceding month.
- Example:
 - You hold a Brewer’s License, and it is October 15, 2019
 - Your report (Form C-235) is due today
 - You sold malt beverages direct to consumers for on- and/or off premise consumption in September 2019
 - Your October 15 report should cover your sales for amounts for September 1 – 30, 2019 (entire calendar month)
- Payment can be made through the AIMS system. The ability to mail payment will still exist but strongly discouraged. The payment address is listed at the bottom of the form.
- Tax reports must be signed by an authorized representative affirming that they are true, correct, and complete.
- A copy of your excise tax reports must be retained for your files for a minimum of two (2) years.

All forms can be found on TABC’s website:

https://www.tabc.texas.gov/forms/excise_tax_reporting.asp



What Are The Excise Tax Rates?

- The tax rates are setup in the Alcoholic Beverage Code as follows:
 - Malt beverages – is \$0.198 per gallon based on a barrel tax rate of \$6.00
 - There are 31 U.S. gallons in a barrel.
 - Wine – 14% alcohol by volume (ABV) or less
 - \$.204 per gallon
 - Wine – more than 14% ABV
 - \$.408 per gallon
 - Wine Sparkling (carbonated)
 - \$.516 per gallon
 - Distilled Spirits
 - \$2.40 per gallon
 - Distilled Spirits Miniatures (container size of 2 ounces or less)
 - \$0.05 per package
- The applicable tax rates for your permit can be found on your excise tax forms.



Completing Your Report, Step By Step:

1. Record month and year of report information at the top of the form.
 2. Record identifying and contact information:
 - Trade Name
 - Permit Number
 - Address
 - City
 - Zip Code
 - Email
 - Phone Number
- *Required records are in italics in this presentation. These need to be kept to substantiate all details on the reports for 2 years and are subject to audit and inspection by TABC personnel. See TAC Rule §41.23*



Completing Your Report, Step By Step:

3. Record **Beginning Inventory** – should be the same numbers as reported on the prior month's ending inventory. If this is your first report it would be the amounts (gallons or units) you had on the day your permit was issued.
4. Record total alcohol added to inventory next, whether through **Purchases** or **Bottling** activity on first page of report. On the appropriate schedules for your form, you will need to provide more detail for each addition by transaction.
 - *Supporting documentation for each transaction is required. This will either be the invoice and other documents for a purchase. For bottling activity, you must record each day's bottling activity showing sizes, brands, and class of alcohol. These daily bottling reports are required to be made within 3 days of bottling activity.*
 - All amounts on the front page should only be bottled product. Bottled means alcohol packaged for sale so canned, kegged, etc.



Completing Your Report, Step By Step:

5. Compute and record **Total Alcohol Available** next. This will be the sum of the prior reported numbers on the tax report (**Beginning Inventory** + **Purchases** (if applicable) + **Bottling**(if applicable)).
6. You will then report **End of Month Inventory**. Do not include bulk or in production alcohol that has not been bottled. *The inventory will need to be taken on the last day of each month and should be broken up by class of alcohol, size, and brand. This inventory needs to be recorded and kept for 2 years.*



Completing Your Report, Step By Step:

7. Next would be to report Exemptions, those transactions that are exempt from being “first sales”. This is alcohol that left the inventory and did not go to a Texas retailer or consumer. A total will go on the first page and details will be necessary on corresponding schedules on later pages.

Exempt transactions include:

- Sales Out of State
- Carrier Claims (product broken during transport)
- Lab Use
- Authorized Destructions ([Application for Destruction](#))
- Sacramental Wine Sales
- Military Sales
- Other Authorized Exemptions
- *Applicable records need to be kept for each exempt item for 2 years.*



Completing Your Report, Step By Step:

8. You will then calculate and enter **Total Exemptions**. This is the total of all alcohol that cannot be a “first sale”, so all items exempted and still in inventory at the end of the month (**Ending Inventory + Exemptions**).
9. Last part of the form is to calculate and enter **Items Subject to Tax**. This is done by subtracting **Total Exemptions** from **Total Alcohol Available**. This amount is the number of items that were sold during the month and constitute the “first sales”.
10. The **Tax Rate** is listed at the bottom for each class of alcohol.



Completing Your Report, Step By Step:

11. Sales Totals - For some locations, it will be necessary at this point to enter your sales to different categories of customers. You may need to enter the Sales for On Premise Consumption or Off Premise Consumption or possibly for Sales to Retailers. These totals will need to have a year to date total as well.
12. The final portion of the form is done by multiplying **Items Subject to Tax** by the **Tax Rates** for each column and adding them together to find the **Gross Tax Due**.
13. If you filed and paid on or before the 15th of the month, you can subtract 2% from your **Gross Tax Due**. To find the **2% Discount** amount, multiply **Gross Tax Due** by .02.
14. Typically issued for overpayments, you may get an Authorized Credit letter. If you have been issued an Authorized Credit letter, put the amount down under **Authorized Credit**. Attach the letter to the tax report.
15. To find **Tax Due State**, subtract **2% Discount** and **Authorized Credits** from **Gross Tax Due**. ¹³



Completing Your Report, Step By Step:

16. Be mindful that you are affirming under penalty of perjury, that you are an officer or authorized representative of the permit holder, and that you have examined this report, and confirm it is true, correct, and complete.
17. Confirm this by signing, and then put down your e-mail, title, and the date.
18. *Make a copy of your report and keep on record for 2 years (See TAC Rule §41.23) and mail the original to TABC at the following address:*

TABC
PO BOX 13127
Austin, Texas 78711-3127



Reminders On Completing the Report

- You are required to file an excise tax report every month, even if your sales are ZERO. Failure to file is a violation and may subject your permit to administrative action.
- When completing your monthly reports, ensure you're using the correct tax rate that corresponds with the product for which you are conducting a report.
- With Distilled Spirit miniatures, remember they are in units and not gallons.
- Failure to keep required records, such as invoices, bottling records, and/or inventory is also a violation.
- Some permits are required to record Year-to-Date production, exemptions, and/or sales data. There will be an extra column marked for this. Keep a running total from the beginning to end of the year.
- Make sure the phone numbers and email put down on the forms are regularly monitored as they will be used if there are errors or questions about your report.



TABC Audits of Excise Tax Accounts

- TABC auditors conduct routine audits of all permits/licenses that pay excise taxes.
- The auditor will normally contact you by phone to discuss the timing of the audit and follow this with an engagement letter listing possibly needed documents.
- Audits are done both remotely and in person with as minimum disruption to your business as the process allows.
- In order to facilitate this, keep all required records organized and up to date and be responsive to communication or requests for information.
- Auditors will verify that required records are being kept and that the taxes are correctly calculated.
- At the conclusion of the audit, the auditor will present their findings, including credits or any taxes owed, at an exit conference. You will have the chance to document your opinion of these findings before the audit is submitted for review.



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What Other Modules Do I Need to Take?

You have now completed the Filing Excise Tax Reports module. Please proceed to the following module(s) for additional guidance.

- **Marketing Practices Module** – What marketing promotions and advertisements are allowed?



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Questions?

Please contact your local TABC office.

tabc.texas.gov/contact-us/