

2009 TTB Expo Presentation

Industrial Distilled Spirits Plant How to Calculate and Pay Taxes

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Overview

- SOT Requirements
- When the Tax Attaches to Distilled Spirits
- Semi-Monthly Returns, Quarterly Returns, and Prepayment Returns
- How to Complete a Return Form
- Adjustments (Increasing and Decreasing)
- Timely Filing of Returns
- Notice of Proposed Assessments (Penalty and Interest)

SOT Requirements

- As of July 1, 2008, DSPs are no longer required to pay special occupational tax (SOT)
- However, the requirement to register is still in effect; TTB deems a DSP registered when the application for registration (TTB F 5110.41) is filed
- Amended registrations are not required if the qualification files are kept up to date
- Any outstanding returns and payments due before the repeal of SOT must still be filed

Excise Taxes

- Liability attaches to distilled spirits the moment they come into existence
- Standard tax rate prescribed by 26 U.S.C. 5001 is \$13.50 per proof gallon (wine gallons x proof (divided by 100) = proof gallons)
- Tax is due on spirits removed from bond except as provided in 26 U.S.C. 5214 or when transferred in bond

Quarterly Returns,
Semi-Monthly Returns, and
Prepayments Returns

Quarterly Returns

- Excise taxes are required to be filed on TTB F 5000.24
- You may be eligible to file Quarterly Returns if:
 - You expect to be liable for not more than \$50,000 in distilled spirits excise taxes in a calendar year
 - You were not liable for more than \$50,000 in distilled spirits excise taxes in the preceding year
 - You have withdrawal coverage on your bond to cover the entire quarter (defers your tax payments)
 - Quarterly return periods are: Jan – March, April – June, July – Sept, and Oct – Dec

27 CFR 19.522(a)(2)(iii)

Semi-Monthly Returns

Any newly qualified DSP that has a withdrawal bond shall begin filing returns once a permit is issued

27 CFR 19.522

Semi-Monthly Returns

- You must file semi-monthly returns if:
 - Your anticipated taxable removals for the calendar year exceeds \$50,000 threshold of a quarterly filer
 - Your withdrawal bond is in an amount sufficient to cover removals during any two consecutive semi-monthly return periods
 - A semi-monthly return period is the 1st – 15th of the month and the 16th to the last day of month with the exception of September which has three return periods (27 CFR 19.523(c))

Prepayments Returns

- If a withdrawal bond, which allows for deferred payment of tax, is not in place or is in an insufficient amount, distilled spirits taxes must be prepaid
- Prepayment returns are filed on TTB F 5000.24
- A prepayment return must be filed and the tax paid on or before the date the spirits are removed from bond
- Semi-monthly returns must be filed summarizing the prepaid removals

27 CFR 19.522(c)

Excise Tax Return

TTB F 5000.24

Excise Tax Return

TTB F 5000.24

Starts at 01 each year
i.e. 09-01 (first return)

Check if it's Check, Money Order or EFT

OMB N 13-0083 (04/30/2009)

Check if
Prepayment
period

DEPARTMENT OF THE TREASURY ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (TTB) EXCISE TAX RETURN <i>(Prepare in duplicate – See instructions below)</i>		1. SERIAL NUMBER <hr/>	
2. FORM OF PAYMENT <input type="checkbox"/> CHECK <input type="checkbox"/> MONEY ORDER <input type="checkbox"/> EFT <input type="checkbox"/> OTHER (Specify) _____		3. AMOUNT OF PAYMENT \$ Amt of Tax payment	
4. RETURN COVERS (Check one) <input type="checkbox"/> PREPAYMENT <input type="checkbox"/> PERIOD BEGINNING 1/1/09 ENDING 1/15/09		NOTE: PLEASE MAKE CHECKS OR MONEY ORDERS PAYABLE TO THE ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (SHOW EMPLOYER IDENTIFICATION NUMBER ON ALL CHECKS OR MONEY ORDERS). IF YOU SEND A CHECK, SEE PAPER CHECK CONVERSION NOTICE BELOW.	
5. DATE PRODUCTS TO BE REMOVED (For Prepayment Returns Only)			
6. EMPLOYER IDENTIFICATION NUMBER <div style="text-align: center; font-size: 1.2em;">EIN</div>	7. PLANT, REGISTRY, OR PERMIT NUMBER <div style="text-align: center; font-size: 1.2em;">DSP #</div>	FOR TTB USE ONLY	
8. NAME AND ADDRESS OF TAXPAYER (Include ZIP Code) <div style="font-size: 1.2em;">Name & Address</div>		TAX	\$
		PENALTY	
		INTEREST	
		TOTAL	\$
		EXAMINED BY:	
		DATE EXAMINED:	

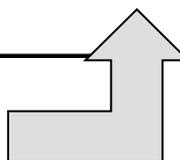
**Line 5 is where you will put the date for a prepayment – date of withdrawal

Excise Tax Return

TTB F 5000.24 (Continued)

CALCULATION OF TAX DUE <i>(Before making entries on lines 18 – 21, complete Schedules A and B)</i>		
	PRODUCT <i>(a)</i>	AMOUNT OF TAX <i>(b)</i>
9.	DISTILLED SPIRITS	\$ PG X \$13.50
10.	WINE	
11.	BEER	
12.	CIGARS	
13.	CIGARETTES	
14.	CIGARETTE PAPERS AND/OR CIGARETTE TUBES	
15.	CHEWING TOBACCO AND/OR SNUFF	
16.	PIPE TOBACCO AND/OR ROLL-YOUR-OWN TOBACCO	
17.	TOTAL TAX LIABILITY <i>(Total of lines 9-16)</i>	\$ Line 9 – 16 Total
18.	ADJUSTMENTS INCREASING AMOUNT DUE <i>(From line 29)</i>	Increasing Adjustments
19.	GROSS AMOUNT DUE <i>(Line 17 plus line 18)</i>	\$ Line 17 plus Line 18
20.	ADJUSTMENTS DECREASING AMOUNT DUE <i>(From line 34)</i>	(decreasing adjustments)
21.	AMOUNT TO BE PAID WITH THIS RETURN <i>(Line 19 minus line 20)</i>	\$ Amt to be paid
<small>Under penalties of perjury, I declare that I have examined this return (including any accompanying explanations, statements, schedules, and forms) and to the best of my knowledge and belief it is true, correct, and includes all transactions and tax liabilities required by law or regulations to be reported.</small>		
22. DATE	23. SIGNATURE	24. TITLE TITLE

Signed by person with signing authority on file with NRC



Increasing and Decreasing Adjustments

Increasing Adjustments TTB F 5000.24

SCHEDULE A - ADJUSTMENTS INCREASING AMOUNT DUE			
EXPLANATION OF INDIVIDUAL ERRORS OR TRANSACTIONS (a)	AMOUNT OF ADJUSTMENTS		
	(b) TAX	(c) INTEREST	(d) PENALTY
25.	\$		\$
26.			
27.			
28. SUBTOTALS OF COLUMNS (b), (c), and (d)	\$	\$	\$
29. TOTAL ADJUSTMENTS INCREASING AMOUNT DUE (Line 28, Col (b) + (c) + (d)) Enter here and on line 18.			\$

Completed for such things as: taxable removals from a prior period that were not paid when due; inventory shortages; tax on export shipments where proof of exportation is not obtained; and for payment of a Notice of Proposed Assessment. List the reason in Column A, Tax in Column B, Interest in Column C and Penalty in Column D

TTB F 5000.24

Decreasing Adjustment

SCHEDULE B - ADJUSTMENTS DECREASING AMOUNT DUE

EXPLANATION OF INDIVIDUAL ERRORS OR TRANSACTIONS (a)	AMOUNT OF ADJUSTMENTS	
	(b) TAX	(c) INTEREST
30.	\$	\$
31.		
32.		
33. SUBTOTALS OF COLUMNS (b) and (c)	\$	\$
34. TOTAL ADJUSTMENTS DECREASING AMOUNT DUE <i>(Line 33, Col (b) + (c))</i> Enter here and on line 20.		\$

Completed for decreasing adjustments such as: claims for credit of tax (for example claim for spirits returned to bond) or overstated removals from prior tax return periods. Column A shows the reason or applicable claim number; Column B shows the tax; and Column C shows the interest.

Timely Filing of Return

Timely Filing of Semi-Monthly Returns

Alcohol & Tobacco Due Dates for Semi-monthly Tax Returns for Revenue Producing Plants Calendar Year 2009

Serial Number	Return Period	Due Date
1	January 1-15, 2009	January 29, 2009
2	January 16-31	February 13
3	February 1-15	February 27

- Semi-monthly returns are normally due no later than the 14th day after the last day of the return period. Except for the September periods the 16th-26th shall be filed no later than Sept. 29th. The period 27th-30th shall be filed no later than October 14th.
- Special rules for September can be found at 27 CFR 19.523.

Timely Filing of Quarterly Return

Serial Number	Return Period	Due Date
1	January 1 – March 31, 2009	April 14, 2009
2	April 1 – June 30, 2009	July 14, 2009
3	July 1 – September 30, 2009	October 14, 2009
4	October 1 – December 31, 2009	January 14, 2010

- Quarterly returns are due to be paid 14 days after the last day of the Quarterly period.
- See 27 CFR 19.523(d) for due date exceptions.

Pay.Gov Information

- Returns and payments submitted via pay.gov:
 - Are due no later than 4:00 p.m. EST
1 business day prior to the due date
 - Late filed returns and payments will be subject to penalties and interest

Notice of Proposed Assessments (NPAs)

NPA's

- 26 U.S.C. 6201 – “the Secretary is authorized and required to make assessments of all taxes” (including interest and assessable penalties)
- Assessment is a formal recording of a taxpayer’s tax liability

NPAs (Continued)

- Under 26 U.S.C. 6651 and 6656, the following penalties may be imposed if a return and/or payment is late:
 - Failure to File
 - Failure to Pay
 - Failure to Deposit (when required to make payment by EFT)

Other Help with Forms

- Tutorials for completing tax returns are available at www.ttb.gov
- Select “Tutorials and Job Aids” located at the left side of our homepage and follow the prompts
- You may also call the NRC at 513-684-3335 for assistance

Summary

- Tax Attachment
- Semi-Monthly, Quarterly, and Prepayment Returns
- Completing the Excise Tax Return
TTB F 5000.24
- Increasing and Decreasing Tax Return Adjustments
- What Constitutes a Timely Return
- Explained Notice of Proposed Assessments (NPAs)

Contact Information

- National Revenue Center

Spirits Tax Unit:

– **Phone:** (513) 684-3335

– **Mail:** National Revenue Center
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