



Announcement

January 14, 2016

IRC Amendments Affecting Excise Tax Due Dates and Bond Requirements for Eligible Taxpayers and Revision of Hard Cider Definition

On December 18, 2015, the President signed into law the Protecting Americans from Tax Hikes Act of 2015 ("the PATH Act"), which is Division Q of the Consolidated Appropriations Act, 2016 (Public Law 114-113). The PATH Act contains changes to certain statutory provisions that TTB administers in the Internal Revenue Code of 1986 (IRC) regarding excise tax due dates, bond requirements, and the definition of wine eligible for the hard cider tax rate (see 26 U.S.C. 5061, 5551, and 5041, respectively). **Please note that these amendments do not take effect until 2017.**

- Section 332 of the PATH Act changes the excise tax due dates and eliminates bond requirements for certain eligible taxpayers.
 - Beginning with the calendar quarter that starts on January 1, 2017, eligible taxpayers who reasonably expect to be liable for not more than \$1,000 in taxes imposed with respect to distilled spirits, wines, and beer for the calendar year (and who were liable for not more than \$1,000 in such taxes in the preceding calendar year) can pay those taxes annually, rather than quarterly.
 - Beginning with the calendar quarter that starts on January 1, 2017, those taxpayers that are eligible for annual filing under the conditions set forth above, as well as those taxpayers that are eligible for quarterly filing under current law, are exempt from the requirement to file a bond covering operations or withdrawals of distilled spirits or wines for nondustrial use, or beer.

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- Section 335 of the PATH Act modifies the definition of wine that is eligible for the “hard cider” tax rate by increasing the allowable alcohol content from less than 7 percent to less than 8.5 percent alcohol by volume; increasing the allowable carbonation level from 0.392 to 0.64 gram of carbon dioxide per hundred milliliters of wine; and authorizing the use of pears, pear juice concentrate and pear products and flavorings. These changes apply to hard cider removed after December 31, 2016.

TTB is in the process of identifying and updating any regulations, forms, or guidance documents that will be affected by these statutory changes. Until the effective dates of these statutory changes, all current statutory and regulatory requirements will continue to apply.

Please note that the changes to the definition of "hard cider" for tax classification purposes in the IRC do not affect the labeling, advertising, permit, and other requirements that currently apply to ciders containing 7 percent or more alcohol by volume under the Federal Alcohol Administration Act.

If you have questions regarding these statutory changes, please contact the Regulations and Rulings Division at Regulations@ttb.gov or 202-453-2265.

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