



TTB Public Guidance

November 7, 2016

Information for Alcohol Excise Taxpayers and Applicants for Permits and Brewers' Notices Regarding Internal Revenue Code Amendments Affecting Excise Tax Due Dates and Bond Requirements

On December 18, 2015, the President signed into law the Protecting Americans from Tax Hikes Act of 2015 ("the PATH Act") (Public Law 114-113). Section 332 of the PATH Act amends the Internal Revenue Code of 1986 (IRC) to change excise tax due dates and remove bond requirements for certain eligible taxpayers (see 26 U.S.C. 5061 and 5551). These amendments take effect on January 1, 2017.

This document provides background on these changes and guidance for industry members who wish to apply for the new bond exemption.

Excise Tax Due Dates

Under current law, eligible taxpayers who reasonably expect to be liable for not more than \$50,000 in taxes imposed with respect to distilled spirits, wines, and beer for the calendar year (and who were liable for not more than \$50,000 in such taxes in the preceding calendar year) can pay those taxes quarterly. The PATH Act amendments authorize a new annual excise tax return period. 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, wine, 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.

New Bond Exemption under the PATH Act

The PATH Act amendments authorize a new bond exemption for certain eligible taxpayers. Beginning with the calendar quarter that starts on January 1, 2017, taxpayers who pay taxes annually or quarterly will be exempt from the requirements to file bonds covering operations or withdrawals of distilled spirits or wines for nonindustrial use, or beer.

Taxpayers must notify TTB that they are eligible for the bond exemption. TTB is amending its application forms (including the forms' online equivalents submitted using TTB's Permits Online system) to allow new applicants and existing proprietors to notify TTB that they are eligible at the time they apply for or amend their permits or brewer's notices. For more efficient processing, TTB recommends that proprietors who have previously applied using Permits Online and new applicants use Permits Online to submit applications and amendments.



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New Applicants

Because the bond exemption does not go into effect until January 1, 2017, applicants who submit applications to operate before that date must submit bonds with their applications, even if they expect to be eligible for the bond exemption when it goes into effect in 2017. Based on current processing times, TTB does not expect any application received before January 1, 2017, to be processed before that date. To streamline the application process, TTB recently added a new data field for applications submitted using Permits Online in which applicants can indicate that they expect to be exempt from bond requirements once the PATH Act provisions go into effect. If applicants who make this indication are eligible for the bond exemption, TTB will process their applications so that they can operate without a bond upon approval, and TTB will return any bond-related materials to the applicant when TTB has taken final action on the application.

Existing Proprietors

Existing proprietors who are eligible for the bond exemption will be able to request termination of their bonds after January 1, 2017, by amending their permits or brewer's notices using Permits Online or the applicable paper forms. Because an existing proprietor's eligibility for the bond exemption is based in part on the proprietor's tax liability for the preceding calendar year, TTB cannot begin processing a bond termination request until it receives the taxpayer's final tax payments covering any remaining liability incurred in 2016. In addition, proprietors who have not submitted other required TTB tax returns, tax payments, or reports may have their bond termination requests denied or delayed. If a proprietor has not filed required TTB reports, returns, or tax payments, TTB will not be able to verify the proprietor's eligibility for the bond exemption.

Contact Information

Interested parties who have questions concerning this guidance may contact TTB's National Revenue Center by e-mail, at TTBInternetQuestions@ttb.gov, or by telephone, at 877-882-3277.