



NCDOR

**NORTH
CAROLINA
DEPARTMENT
OF REVENUE**

ALCOHOLIC BEVERAGES TAX FREQUENTLY ASKED QUESTIONS

January 28, 2020 (Updated)

1) I want to begin distributing alcohol products in the State of North Carolina; does the Department of Revenue have any requirements of me?

You would first need to contact the North Carolina ABC Commission and apply for the necessary permits. The month you receive your permit from the ABC Commission you are required to begin filing monthly excise tax returns with the North Carolina Department of Revenue until you surrender your permit. **Note: You will also need to register with the North Carolina Department of Revenue – see Question #4 below.**

2) What type of tax do you pay on alcoholic beverages?

Excise tax is paid on the wholesale distribution and importation of alcoholic beverages; Sales and Use tax is paid on the retail sales of alcohol. These FAQ's refer to Excise tax only.

3) Who must pay excise taxes on alcoholic beverages?

The excise tax imposed by General Statute § 105-113.80 on malt beverages and fortified and unfortified wine is levied upon resident wholesalers or importers of wine or malt beverages, the term includes resident wineries that sell their wines at retail and resident breweries that produce fewer than 25,000 barrels of malt beverages per year. Wineries who hold a wine shipper permit issued by the North Carolina ABC Commission are also required to pay excise tax on wine shipped directly to consumers in this State. Local ABC boards and distillery permittees are responsible for paying the excise tax on spirituous liquor. Persons operating a railroad train in this State on which alcoholic beverages are sold must remit the excise tax due on the sale of these beverages.

4) Are you registered with North Carolina Department of Revenue?

If Yes, you must begin using the NCDOR ID listed on your registration letter to file monthly returns with the North Carolina Department of Revenue. The month you receive your permit from the ABC Commission you are required to begin filing monthly excise tax returns with the North Carolina Department of Revenue until you surrender your permit.

If No, you will need to complete a Form B-C-785, Registration Form Beer/Wine Permittee, or Form NC-SPLR, Registration Application for Spirituous Liquor, in its entirety, and either mail

or fax the form to the Registration Unit (address and fax number are located at the bottom of the form).. The form is located on the North Carolina Department of Revenue website at:

- For Form B-C-785: <https://www.ncdor.gov/documents/b-c-785-alcoholic-beverage-excise-tax-registration-form>
- For Form NC-SPLR: <https://www.ncdor.gov/documents/form-nc-splr-registration-application-spirituuous-liquor-tax>

5) What are the current excise tax rates on alcoholic beverages?

N.C.G.S 105-113.80 imposes the following tax rates on alcoholic beverages:

- (a) Beer. – An excise tax of sixty-one and seventy-one hundredths cents (61.71¢) per gallon is levied on the sale of malt beverages.
- (b) Wine. – An excise tax of twenty-six and thirty-four hundredths cents (26.34¢) per liter is levied on the sale of unfortified wine, and an excise tax of twenty-nine and thirty-four hundredths cents (29.34¢) per liter is levied on the sale of fortified wine.
- (c) Liquor. – An excise tax of thirty percent (30%) is levied on spirituous liquor and antique spirituous liquor sold in ABC stores and in permitted distilleries. Pursuant to G.S. 18B-804(b), the price of liquor on which this tax is computed is the distiller's or the antique spirituous liquor seller's price plus (i) the State ABC warehouse freight and bailment charges and (ii) a markup for local ABC boards.

6) Are there any exemptions to paying the excise tax on alcoholic beverages?

- (a) Major Disaster. – Wholesalers and importers of malt beverages and wine are not required to remit excise taxes on malt beverages or wine rendered unsalable by a major disaster. To qualify for this exemption, the wholesaler or importer shall prove to the satisfaction of the Secretary that a major disaster occurred. A major disaster is the destruction, spoilage, or rendering unsalable of 50 or more cases, or the equivalent, of malt beverages or 25 or more cases, or the equivalent, of wine.
- (b) Sales to Oceangoing Vessels. – Wholesalers and importers of malt beverages and wine are not required to remit excise taxes on malt beverages and wine sold and delivered for use on oceangoing vessels. An oceangoing vessel is a ship that plies the high seas in interstate or foreign commerce, in the transport of freight or passengers, or both, for hire exclusively. To qualify for this exemption the beverages shall be delivered to an officer or agent of the vessel for use on that vessel. Sales made to officers, agents, crewmen, or passengers for their personal use are not exempt.
- (c) Sales to Armed Forces of the United States. – Wholesalers and importers of malt beverages and wine are not required to remit excise taxes on malt beverages and wine

sold to the Armed Forces of the United States. The Secretary may require malt beverages and wine sold to the Armed Forces of the United States to be marked "For Military Use Only" to facilitate identification of those beverages.

- (d) Out-of-State Sales. – Wholesalers and importers of malt beverages and wine are not required to remit excise taxes on malt beverages and wine shipped out of this State for resale outside the State.
- (e) Tasting. – Resident breweries, wineries, and distilleries are not required to remit excise taxes on malt beverages, wine, or spirituous liquor given free of charge to customers, visitors, and employees on the manufacturer's licensed premises for consumption on those premises.

7) Who is responsible for paying and filing the excise tax on alcoholic beverages?

- (a) Liquor. – The excise tax on liquor levied under G.S. 105-113.80(c) is payable monthly by local ABC boards and by distillery permittees. The tax is due on or before the 15th day of the month following the month in which the tax was collected.
- (b) Beer and Wine. – The excise taxes on malt beverages and wine levied under G.S. 105-113.80(a) and (b), respectively, are payable by the resident wholesaler or importer who first handles the beverages in this State. The excise taxes levied under G.S. 105-113.80(b) on wine shipped directly to consumers in this State must be paid by the wine shipper permittee. The taxes on malt beverages and wine are payable only once on the same beverages. The tax is due on or before the 15th day of the month following the month in which the beverage is first sold or otherwise disposed of in this State by the wholesaler, importer, or wine shipper permittee.
- (c) A resident brewery, resident winery, nonresident vendor, and wine shipper permittee must file a monthly report with the Secretary. The report must list the amount of beverages delivered to North Carolina wholesalers, importers, and purchasers under G.S. 18B-1001.1 during the month. The report is due by the 15th day of the month following the month covered by the report.
- (d) If no sales are made during a month, a zero return is still required by the 15th day of the following month. Failure to file the required return timely may result in penalties and any applicable interest.

8) What excise tax form/return do I need to file for alcoholic beverages?

- (a) Beer Importer: Form B-C-710, Beer Wholesalers Excise Tax Return
- (b) Beer Shipper: Form B-C-715, Beer Shipping Report Nonresident Vendor or Resident Brewery (in addition to Form B-C-710, Beer Wholesalers Excise Tax Return)

- (c) Beer Wholesaler: Form B-C-710, Beer Wholesalers Excise Tax Return
- (d) Distillery or ABC Store selling spirituous liquor: Form B-C-775, Spirituous Liquor/Antique Spirituous Liquor Return
- (e) Nonresident Vendor: Form B-C-715, Beer Shipping Report Nonresident Vendor or Resident Brewery
- (f) Resident Breweries: Form B-C-715, Beer Shipping Report Nonresident Vendor or Resident Brewery (in addition to Form B-C-710, Beer Wholesalers Excise Tax Return)
- (g) Resident Winery: Form B-C- Form B-C-784, Wine Distributor Excise Tax Return
- (h) Wine Importer: Form B-C-784, Wine Distributor Excise Tax Return
- (i) Wine Shipper: Form B-C-786, Wineries and Wine Shippers Permittees Excise Tax Return
- (j) Wine Wholesaler: Form B-C-784, Wine Distributor Excise Tax Return

All returns are located on our website: <https://www.ncdor.gov/taxes-forms/alcoholic-beverages-tax/alcoholic-beverages-tax-forms-and-instructions>

9) Why did I receive an assessment when I paid my tax?

An assessment may be issued if you answer “No” to any of the following questions:

- (a) Did you file and pay the excise tax timely (Returns are due on or before the 15th day of the month following the month in which the alcoholic beverage was sold or disposed of in this state)?
- (b) Did you check your return for calculation errors?
- (c) Were all the deductions on your return valid?

If you receive an assessment, verify your return information, and then call the North Carolina Department of Revenue at (919) 733-3641 for an explanation. Any delays could result in penalties and applicable interest accruing. When calling the North Carolina Department of Revenue, please have your NCDOR ID number available and know the relevant tax period in question. Both of these items can be found at the top of your notice of assessment.

10) How do I apply for a penalty waiver?

You can find the penalty waiver form (NC-5500) on the Department of Revenue’s website <https://www.ncdor.gov/documents/request-waive-penalties>

In order to be granted a penalty waiver, a taxpayer must be in good compliance with the North Carolina Department of Revenue. To be in good compliance, each of the following must be true:

- (a) All required tax returns and reports due have been filed.
- (b) All tax and interest due for the tax period for which the penalty waiver is requested has been fully paid.
- (c) Any amount due on a notice of collection received for a tax period that is different from the tax period for which the penalty waiver is requested has been fully paid.
- (d) During the past three years, no 100% penalty waiver based on a good compliance record for the tax type for which waiver is requested has been granted.
- (e) The penalties at issue are not the result of the same or similar error or practice as those
- (f) previously assessed by the Department.
- (g) The penalties at issue were not assessed as a result of an audit wherein the Department determined that income shifting or tax avoidance was utilized.
- (h) All documents, information, reports, and returns requested by the Department were timely provided.

Taxpayers are granted one penalty waiver per tax schedule every 36 months. If a taxpayer has more than one penalty in a tax schedule, the taxpayer must decide which penalty they want waived, and are responsible for paying all other outstanding penalties.