

Alcoholic Beverage Taxes

Responsibility for administering Ohio's taxes on alcoholic beverages is split between the Ohio Department of Taxation and the Ohio Department of Commerce's Division of Liquor Control. This chapter covers only the role of the Department of Taxation, which is for the administration of taxes on beer, wine, cider and mixed beverages of up to 21 percent alcohol by volume.

Tax payments from excise taxes on beer, wine, cider and mixed beverages were approximately \$57.1 million in Fiscal Year 2007. These payments are made to the General Revenue Fund, except for 5 cents of the tax on each gallon of wine, which is designated for the research and study of grapes and grape products under the direction of the Ohio Grape Industries Committee.

The Department of Taxation also administers county permissive taxes on beer, wine, cider and mixed beverages. State law authorizes counties to levy a tax of up to 32 cents per gallon on wine and mixed beverages, 24 cents per gallon on cider, and 16 cents per gallon on beer in order to operate or service the debt of a sports facility operated by the county or a development corporation.

Cuyahoga County enacted such levies at the maximum rates effective Aug. 1, 1990; it remains the only county with a permissive tax.

Taxpayer

The excise taxes on alcoholic beverages are paid by the manufacturers, importers, and wholesale distributors who sell and distribute in and to Ohio.

Type of Product	Code Section	Taxpayer
Bottle and canned beer	4301.42	Manufacturer, bottler, canner, or wholesale dealer
Wine	4301.43	Manufacturer, wholesale dealer, or retail dealer
Mixed Beverages	4301.43	Manufacturer, wholesale dealer, or retail dealer
Beer in barrels	4305.01	Manufacturer or consignee

Tax Base (Ohio Revised Code 4301.01)

The base is comprised of beer, wine, cider, and mixed beverages up to 21 percent alcohol by volume.

Type of Product	Definition
Beer	Brewed or fermented from malt products and containing not less than 0.5% and not more than 12% alcohol by volume
Mixed Beverages	Mixture of wine or distilled spirits with carbonated or noncarbonated flavoring materials and containing not less than 0.5% and not more than 21% alcohol by volume
Wine (including sparkling wine and vermouth)	Fermented juices of grapes, fruits or other agricultural products and containing not less than 0.5% and not more than 21% alcohol by volume; wine is subject to the excise tax if the alcoholic content by volume is 4.0% or more and not greater than 21%
Cider	Fermented juices of apples including flavored, sparkling, or carbonated cider containing more than 0.5% and not more than 6.0% alcohol by weight

Rates

Excise tax rates on each alcoholic beverage vary by type and alcohol content.

State rates:

Type of Product	Code Section	Measure	Rate
Beer in bottles or cans	4301.42	6 oz. or fractional part thereof	0.84 cent(s) ¹
Wine (containing alcohol 4.0 - 14% by volume)	4301.43 – 4301.432	Gallon	32 cents
Wine (containing alcohol 14 - 21% by volume)	4301.43 – 4301.432	Gallon	\$1.00
Vermouth	4301.43 – 4301.432	Gallon	\$1.10
Sparkling and carbonated wine and champagne	4301.43 – 4301.432	Gallon	\$1.50
Cider	4301.43	Gallon	24 cents
Mixed Beverages	4301.43	Gallon	\$1.20
Beer in barrels	4305.01	31 gallons	\$5.58

¹ The rate on bottles and cans having less than 12 ounces is 0.14 cent(s) per ounce.

Cuyahoga County Rates:

Type of Product	Code Section	Measure	Rate
Wine and mixed beverages	4301.421	Gallon	Up to 32 cents
Beer	4301.421	Gallon	Up to 16 cents
Cider	4301.421	Gallon	Up to 24 cents

Exemptions, Credits and Refunds (R.C.

4301.23, 4303.332, 4303.333, 4307.05, 4307.07)

- A member of the clergy or an official of a religious group will receive an exemption on sacramental wine purchased for use in religious rites.
- Any sale made to the federal government or any of its agencies is exempt by federal law.
- A taxpayer who makes sales of alcoholic beverages for resale outside Ohio will receive a refund for the amount of tax paid.
- Any licensed Ohio brewer whose total production, wherever produced, does not exceed 31 million gallons in a calendar year will receive a credit against their excise tax the following year, and a refund on any excise tax paid during the current year, on up to 9.3 million gallons of beer distributed in Ohio.
- Any licensed Ohio wine producer whose production does not exceed 500,000 gallons in a calendar year will be granted an exemption from the excise tax during the following year and a refund on any excise tax paid during the current year.

Filing and Payment Dates (R.C. 4303.33, 4301.422)**Beer Permit Holders:**

Advance Payment – On or before the 18th day of each month for that month's estimated tax liability.

Monthly Payment – On or before the 10th day of the month for the previous month's liability.

Wine and Mixed Beverage Permit Holders:

Monthly Payment – On or before the 18th day of each month for the previous month's liability.

County Permissive Levies:

Monthly Payment – On or before the last day of the month for the previous month's liability.

Discounts and Additional Credits

(R.C. 4303.33, 4301.422)

Discounts and additional credits are available for collection and timely payment of tax liability by permit holders.

Beer Permit Holders:

Advance Pay Credit – Three percent of the amount of tax received by the 18th day of the month for which the tax is paid.

Discount – A discount is offered on the balance of tax

due (after the advance payment) if received by the 10th day of the following month. It is the smaller of the following: 3 percent of 10 percent of the advance payment or 3 percent of the net amount of tax due after deducting the advance payment.

Wine and Mixed Beverage Permit Holders:

Three percent discount on the amount of monthly payment if the payment is received on or before the 18th day of the month for the previous month's tax liability.

County Permissive Levies:

Taxpayers filing timely returns and making timely payments receive a 2.5 percent discount on the tax liability due.

Disposition of Revenue (R.C. 924.51-.55, 4301.43,

4301.432, 4301.46, 4305.01, 4301.423)

State Levies:

All of the excise tax levied on wine, beer, cider and mixed beverages is paid into the General Revenue Fund except for 5 cents per gallon of the excise tax on wine, which is paid into the Grape Industries Special Account to provide funds for research, development, and marketing of grape products in Ohio.

County Permissive Levies:

The Local Excise Tax Administrative Fund receives 2 percent of all collections for the Department of Taxation's administrative expenses. The remaining revenue collected is distributed to the county in the month following collection.

Administration (R.C. 4307.04)

The Tax Commissioner administers alcoholic beverage taxes on beer, wine, cider and mixed beverages of up to 21 percent alcohol by volume. The Division of Liquor Control, in the Ohio Department of Commerce, administers the liquor gallonage tax. The Division of Liquor Control is also responsible for issuing, suspending, and revoking all permits to manufacture, distribute, and sell alcoholic beverages.

Ohio Revised Code Citations

Chapters 924, 4301, 4303, 4305, 4307, 4309.

Recent Legislation

Amended Substitute House Bill 119, 127th General Assembly (FY 2008-2009 biennium budget bill, effective July 1, 2007).

R.C. 4301.43:

Enacted a two-year continuation of 2 cents of the overall 5 cent per gallon credit to the Ohio Grape Industries Fund on tax paid on wine, vermouth, and sparkling and carbonated wine and champagne.

R.C. 4303.071, 4303.232:

Created two new permit types to allow small wineries

(those producing less than 150,000 gallons of wine) to sell directly to retailers (B2a permit) or directly to consumers (S permit). Both the B2a and S permit types can

be obtained by either in-state or out-of-state small wine manufacturers.

**Table 1
Alcoholic Beverage Taxes Payments and Credits:
Fiscal Year 2007**

Type of Beverage	Gross Tax	Credits and Discounts	Net Tax Receipts
Beer:			
Advance tax payments	\$41,297,856	\$1,222,656	\$40,075,200
Payment with return	7,020,861	57,789	6,963,072
	\$48,318,717	\$1,280,445	\$47,038,272
Wine and mixed beverages:			
Payment with return	\$10,405,369	\$303,491	\$10,101,878
Total	\$58,724,086	\$1,583,936	\$57,140,150

Source: Department of Taxation, as reported on tax returns.

**Table 2
Alcoholic Beverage Taxes Liability as Reported on Returns:
Fiscal Years 2005 - 2007**

Type of Beverage	Amount of Tax Liability		
	2005	2006	2007
Beer	\$47,697,154	\$49,622,845	\$48,084,924
Wine 14% or less Alcohol	4,320,690	4,546,619	4,645,980
Wine > 14-21% Alcohol	1,111,829	1,200,710	1,209,550
Mixed Beverages	3,046,523	3,206,023	3,317,637
Vermouth	89,708	102,187	80,755
Sparkling Wine	870,063	877,231	887,375
Cider	32,752	32,187	35,716
Total	\$57,168,719	\$59,587,802	\$58,261,937

Source: Department of Taxation, as reported on tax returns.

Amounts represent tax liability as opposed to tax payments reported on Table 1.

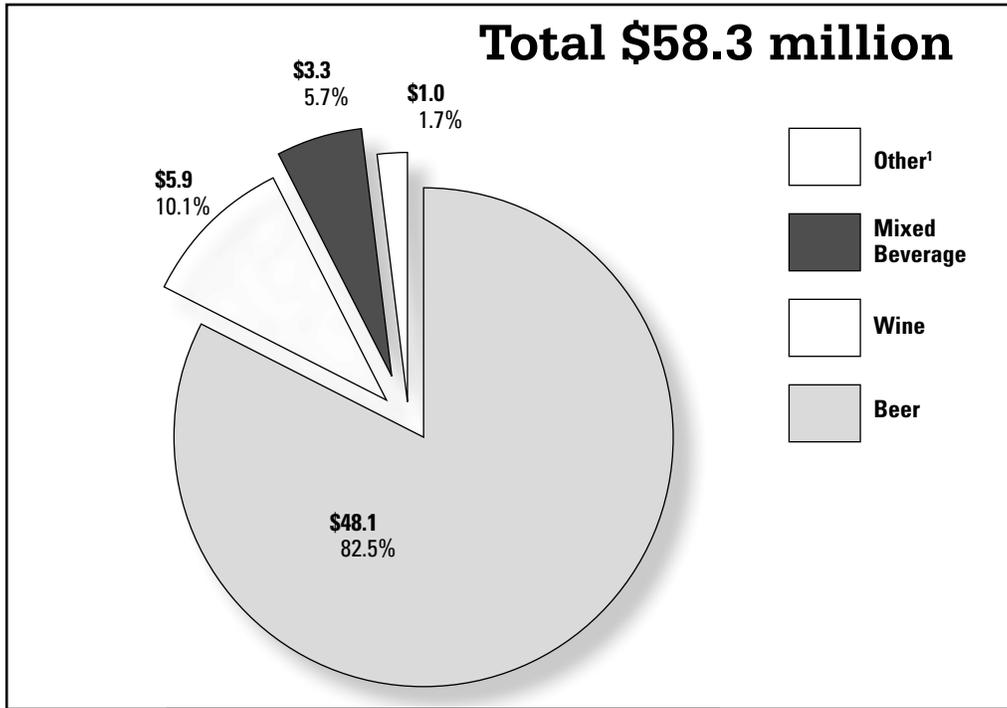
**Table 3
Cuyahoga County Beer and Wine Liabilities as Reported on Returns:
Fiscal Years 2005 - 2007**

Type of Beverage	2005	2006	2007
Beer	\$4,913,129	\$4,870,856	\$4,510,208
Wine	1,236,114	1,209,091	1,168,965
Total	\$6,149,243	\$6,079,947	\$5,679,173

Source: Department of Taxation, as reported on tax returns.

Amounts represent tax liability as opposed to tax payments reported on Table 1.

Chart
Alcoholic Beverage Tax Liabilities By Beverage
(State Only)
Fiscal Year 2007
(figures in millions)



¹ includes flavored malt beverages, hard seltzer, and cider.

