

Excise Tax for Beer

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Issue

Briefly explain Connecticut's alcoholic beverages tax (i.e., excise tax) and the tax imposed on beer manufacturers.

Beer Excise Tax

Connecticut imposes an alcoholic beverages tax on most sales of beer, wine, and liquor ([CGS § 12-435](#)). The tax is levied on distributors (i.e., wholesaler or manufacturer permittees), who must report to the Department of Revenue Services each month on the total number of gallons of each alcoholic beverage sold during the month, their opening and closing inventories, and the amount of tax due. The alcoholic beverages tax rate is based on volume and varies depending on the product; the rate for beer is \$7.20 per barrel (31 gallons). (For more information on the alcoholic beverages tax, see OLR Report [2016-R-0192](#).) Sales of alcoholic beverages are also subject to the state's 6.35% sales and use tax.

Under the three-tier system, which is the alcohol distribution structure that generally requires manufacturers to sell their product to retailers through a wholesaler, beer manufacturers are not subject to the excise tax for certain sales.

The law exempts beer manufacturers from the excise tax for sales (1) to licensed distributors (e.g., from a manufacturer to wholesaler), (2) of malt beverages (e.g., beer) consumed on the manufacturer's premises, and (3) to be transported out-of-state. But beer manufacturers would be subject to the tax if they distribute directly to the retailers or sell for off-premises consumption.

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