



Excise 12

Colorado Alcohol Beverage Wholesalers and Manufacturers

GENERAL INFORMATION

This FYI explains state licensing and tax information for wholesalers and manufacturers of alcohol beverages. Licensing is administered by the Liquor Enforcement Division and liquor taxes are administered by the Taxpayer Service Division. Each division listed in this FYI must be contacted separately for assistance with the liquor issues under its jurisdiction.

LIQUOR ENFORCEMENT DIVISION

Application Procedures

To become a licensed liquor or 3.2% beer distributor in the state of Colorado, you must submit a completed Colorado Liquor or Beer License Application (DR 8409).

Wholesalers and brewers should contact the Liquor Enforcement Division at (303) 205-2300 for additional information concerning licensing and fee requirements.

The sale and direct shipment of wine produced in Colorado or out-of-state to personal consumers in Colorado is permitted under certain conditions. A Wine Direct Shipper's Permit must be obtained. Please refer to FYI Excise 21, Shipment of Wine to Personal Consumers in Colorado for more information. To apply for a Wine Direct Shipper's Permit you must submit a completed Application for Wine Shipment Permit (DR 8475) to the Liquor Enforcement Division. Contact the Liquor Enforcement Division at (303) 205-2300 for more information regarding licensing.

U.S. Government Requirements

In addition to a state license, federal law requires you to pay a special occupational tax before you begin business and by July 1 each year thereafter. An application for a wholesaler's or brewer's permit is also required. Contact the Alcohol and Tobacco Tax and Trade Bureau (TTB). You may also access their Web site at www.ttb.gov

Business Changes

If you move your business and/or change your trade name with no change in ownership, you must contact the Liquor Enforcement Division, 1881 Pierce St., Room 108, Lakewood, CO 80214, (303) 205-2300, **before** a change is made.

Before there is a change in ownership or type of ownership (sole proprietorship, partnership, corporation, etc.), you must contact the Liquor Enforcement Division for relicensing.

Further Information

For more detailed information on liquor licensing, contact the Liquor Enforcement Division, (303) 205-2300.

TAXPAYER SERVICE DIVISION

Tax Rates

Colorado liquor excise tax rates are as follows:

- 8¢ per gallon for 3.2% Beer
- 8¢ per gallon for Malt Liquor (beer)
- 8¢ per gallon for Hard Cider (apple and pear only)
- 7.33¢ per liter for Vinous Liquor
- 60.26¢ per liter for Spirituous Liquor

Surcharge Rates

Colorado imposes a Wine Development Fee and a Colorado Winery Surcharge to support the Colorado Wine Industry Development Fund.

Effective July 1, 2000, one-cent (1¢) per liter is due on all vinous liquors (wines) sold in Colorado, and is known as a Wine Development Fee.

The Colorado Winery Surcharge is due on all vinous liquors **produced** by Colorado licensed wineries and sold, offered for sale or used in this state.

Effective July 1, 1997, the tax amount will be determined using an annual graduated rate. The graduated rate shall be applicable for the 12-month period beginning on the first day of July each year. The graduated annual rate is 5 cents per liter for the first 9,000 liters, 3 cents per liter for the next 36,000 liters, and 1 cent per liter for all additional liters.

Definitions

Effective July 1, 1997, "hard cider" is statutorily defined as an alcohol beverage containing at least one-half of one percent and less than seven percent alcohol by volume that is made by fermentation of the natural juice of apples or pears, including but not limited to flavored hard cider and hard cider containing not more than 0.392 grams of carbon dioxide per hundred milliliters. For the purposes of Article 3 of Title 44, C.R.S., hard cider shall in all respects be treated as vinous liquor except where expressly provided otherwise.

NOTE: All cider that does not meet the definition of "hard cider," but is within the definition of "vinous liquors," shall continue to be taxed as vinous liquor.

Grape excise tax is due on all grapes of vinifera variety or other produce imported into or grown in Colorado, and used in the production of wine in this state by a licensed Colorado winery.

Grape/produce excise tax rate is as follows: \$10 per ton.

"First sold" means the sale or disposal, which occurs when a licensed wholesaler sells, transfers, or otherwise disposes of product, or when a manufacturer sells to a licensed wholesaler or consumer.

Filing Requirements

A Monthly Report of Excise Tax for Alcohol Beverages (DR 0442) along with supplemental schedules and payment of tax is to be filed on or before the 20th day of the month following the month in which such alcohol beverages are first sold in this state. Purchases of liquor and beer must be reported on Form DR 0445, Wholesalers Report of Liquor and Beer Purchases. Wholesalers are not required to submit invoices. However, all records pertaining to the purchase of any and all alcohol beverages must be available upon request.

The Colorado Department of Revenue will mail a Monthly Report of Excise Tax for Winery-Shipper Permittees (DR 0448) to out of state wineries each month. The return and payment are to be filed on or before the 20th day of the month following the month in which such wine is sold in this state. If the amount due is under \$.50 round down and if the dollar amount is \$.51 and over round up to \$1. A return must be filed even if no tax is due for that month.

If licensed manufacturers or wholesalers wish to pay the liquor excise tax upon manufacture, or upon receipt of alcohol beverages, rather than when first sold, such wholesaler or manufacturer should contact the Excise Tax Accounting Section at (303) 205-6848 to request to enter in to a "Memorandum of Understanding" with the Department of Revenue.

The Colorado Liquor Code provides special rules for the tax treatment of malt liquor (beer) and/or fermented malt beverage.

Any beer sold at wholesale by a brewer that has procured a wholesaler's license (wholesaler to wholesaler) shall be unloaded and placed in the physical possession of the other wholesaler, at that wholesaler's licensed premises, where it is inventoried for the purpose of tax collection prior to delivery to a retailer. The receiving wholesaler shall be liable for the payment of the excise tax under these circumstances. For more information, see §44-3-402 (1), C.R.S.

Any beer sold at wholesale by a **brewpub** (manufacturer to wholesaler) shall be unloaded and placed in the physical possession of the wholesaler, at that wholesaler's licensed premises before it is sold to retailers. The brewpub (manufacturer) shall be liable for the payment of excise tax due when first sold to the wholesaler.

The Department of Revenue will send you the DR 0448 return each month on which the following information will be preprinted: licensee name, "DBA" or trade name, address, and account number. Failure to receive a form does not relieve you of your legal responsibility to file the return by the due date. If for some reason you do not receive your

return, download the form from the department's Web site Colorado.gov/Tax or contact the Excise Tax Unit at 303-205-6848 to request to have one sent to you. A return is to be filed even if no tax is due for that month. Be sure to write your account number on all checks and correspondence. This return can also be filed electronically at Colorado.gov/RevenueOnline.

Beginning January 2019, the department will no longer send the DR 0442. You can file this form for free on Revenue Online at Colorado.gov/revenueonline. If you would like to continue filing this return by paper, you may do so by going to the department's website at Colorado.gov/tax, and downloading it. Mail the completed return with payment to the address indicated on the return. A return must be filed even if no tax is due for that month. Be sure to write your account number on all checks and correspondence.

Payment may be made through Electronic Funds Transfer (EFT). You can sign up for EFT through your Revenue Online account (www.Colorado.gov/RevenueOnline) or by using form DR 5785, Authorization for Electronic Funds Transfer for Tax Payment.

NOTE: Credits for tax overpayment in prior filing periods cannot be claimed on form DR 0442. You must instead request a refund by filing a "Claim for Refund" (DR 0137) with the Colorado Department of Revenue, Excise Tax Accounting Section, Room 237, P.O. Box 17087, Denver, CO 80217-0087

Colorado Liquor Excise Tax Exemptions on Wine, Spirituous Liquor (Spirits) and Beer

Sales of wine and spirituous liquor to federally ceded property are exempt from state liquor excise tax. Sales of fermented malt beverage and malt liquor are **not** exempt from the state liquor excise tax.

Alcohol beverages shipped outside of Colorado by a licensed manufacturer or wholesaler are exempt from the state liquor excise tax.

Brewers, distillers or wholesalers may claim a credit or refund for the amount of state liquor excise tax paid on alcohol beverages sold when such alcohol beverages are rendered unable to be sold by reason of damage or destruction. Credit will be allowed upon submission of evidence satisfactory to the Department of Revenue that excise tax was actually paid. When reporting this credit, submit an affidavit explaining circumstances, count and destruction. When planning a destruction of alcohol beverages, contact the department in writing at Colorado Department of Revenue, Excise Tax Accounting Section, Room 237, P.O. Box 17087, Denver, CO 80217-0087 at least four weeks prior to the destruction date. A department representative may attend to witness the destruction.

NOTE: Liquor tax credits are not allowed on any alcohol liquors rendered unable to be sold due to spoilage.

Recordkeeping

Colorado law requires you to keep accurate and complete records of your purchase, sale and transfer activities of alcohol beverages for a period of three years.

Penalties and Interest

If excise tax is not paid when due, penalty is charged and due at a rate of ten percent (10%) of the amount of tax due. Interest is charged on the total of tax and penalty at a rate of one percent (1%) per month or fraction of a month from the date the tax became due until paid.

Failure to pay any liquor excise tax due may result in the state licensing authority, after a public hearing, suspending or revoking your liquor license.

Other Liquor FYIs and Information

- Questions regarding liquor excise taxes should be referred to the Excise Tax Accounting Section at (303) 205-6848, or by email at dor_excisetax@state.co.us.
- FYI Excise 20, Bringing Personal Liquor Stock into Colorado
- FYI Excise 21, Shipment of Wine to Personal Consumers in Colorado

FYIs provide general information concerning a variety of Colorado tax topics in simple and straightforward language. Although the FYIs represent a good faith effort to provide accurate and complete tax information, the information is not binding on the Colorado Department of Revenue, nor does it replace, alter, or supersede Colorado law and regulations. The Executive Director, who by statute is the only person having the authority to bind the Department, has not formally reviewed, and/or approved these FYIs.