

‘Take One Down, Pass it Around?’ TTB Adopts New Procedure To Facilitate Transfers of Beer Between Brewers

BY ROBERT G. YOUNG • AUGUST 23, 2018

On July 17, the Tax and Trade Bureau (“TTB”) issued a new Procedure, Number 2018-1, which provides guidance to brewers on transferring beer from one brewery to the other without the payment of tax where the two breweries do not share ownership (previously, only breweries with common ownership could transfer beer without payment of tax).

In short, a brewer may now transfer beer to another brewer without paying tax where the transferring brewer divests itself of all interest in the beer and the receiving brewer accepts responsibility for payment of tax on the beer. In this scenario, the receiving brewer takes on liability for the tax on any beer lost in transit. (The horror!)

Of course, the Procedure carries with it certain conditions that must be met. Both brewers must maintain detailed records for the transferred beer, and both must report to the TTB on any transferred beer. Packaging and labeling requirements also apply to the transferred beer. Finally, the reduced excise tax rate adopted as part of the Tax Cuts and Jobs Act of 2017 may not be applicable to the transferred beer.

Overall, this new Procedure may help to facilitate new collaborations between brewers, especially smaller brewers, which will benefit the entire beer-drinking public. Cheers!

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