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Cheers! The BEER & BREW Acts of 2015 May Lower Excise Taxes on Beer

TAX

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Two pieces of legislation are currently circulating in Congress regarding the Excise Tax on beer produced in the United States: The Fair Brewers Excise and Economic Relief Act (Fair BEER Act) and The Small Brewer Reinvestment & Expanding Workforce Act (BREW Act). Each Act would lower excise taxes on beer, only by different rates.

At the current rate, brewers producing less than 2 million barrels (bbls) annually pay \$7 per barrel on the first 60,000 bbls they produce and \$18 per bbl on every barrel thereafter.

The new Acts would adjust the excise tax as follows:

PROPOSED 2015 SMALL BREWER REINVESTMENT AND EXPANDING WORKFORCE (BREW) ACT LEGISLATION

Brewpubs would pay \$3.50 on the first 60,000 bbls. For production between 60,001 and 2 million bbls, the rate would be \$16 per barrel. Any brewer that exceeds 2 million bbls would begin paying the full \$18 rate. Small breweries, those with an annual production of 6 million bbls or less, would qualify for these tax rates.

PROPOSED 2015 FAIR BREWERS EXCISE AND ECONOMIC RELIEF (BEER) ACT LEGISLATION

Brewers would pay no federal excise tax on the first 15,000 barrels produced. Brewers would pay \$3.50 on bbls 15,001 to 60,000 and pay \$9 per bbl for every barrel over 60,000 and up to 2 million bbls. Production above 2 million bbls would be subject to a federal excise tax rate of \$9 per barrel for every barrel.

ESTIMATED TAX SAVINGS OF THE BEER AND BREW ACTS

The BEER Act is estimated to result in annual tax savings of \$113 million to the beer industry. The BREW Act, however, is expected to provide a similar savings over a period of several years.

The BEER Act has gained support from large producers such as Anheuser-Busch

InBev (which owns Budweiser, among others) and MillerCoors, as well as the Beer Institute due to the BEER Act's lack of an overall limit to bbls produced or imported.

The BREW Act has gained support from The Brewers Association, which supports craft and small-scale breweries across the country. Although the overall rate reduction may be better with the BEER Act, many supporters of the BREW Act believe that the BEER Act is too aggressive to pass.

Regardless of which Act passes (if any), the movement is towards reduced excise taxes for brewers small and large.

Contact us if you have any questions regarding the proposed 2015 BEER and BREW Acts and [visit our tax blog](#) to read more articles on related topics.

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