



County Technical Assistance Service

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State Barrels Tax

Dear Reader:

The following document was created from the CTAS electronic library known as e-Li. This online library is maintained daily by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other e-Li material.

Sincerely,

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Table of Contents

| | |
|------------------------|---|
| State Barrels Tax..... | 3 |
|------------------------|---|

State Barrels Tax

Reference Number: CTAS-380

Every person, firm, corporation, joint-stock company, syndicate or association in this state storing, selling, distributing or manufacturing beer and like beverages must pay a special privilege tax levied at the rate of \$4.29 per barrel (31 liquid gallons) of beer stored, sold, distributed by gift or sale, or manufactured in Tennessee. T.C.A. § 57-5-201. The Commissioner of Revenue is the administrator and collector of the tax. T.C.A. § 57-5-202. This tax is a state privilege tax, and counties cannot levy any like tax. T.C.A. § 57-5-201(b).

Exemptions to this tax are as follows:

1. Beer manufactured in Tennessee but exported for sale, distribution or gift. T.C.A. § 57-5-201(a)(1).
2. Beer dispensed gratuitously and consumed on the premises. T.C.A. § 57-5-201(a)(1).
3. Beer sold for consumption on a U. S. military or naval installation or to post exchanges, ship service stores, commissaries and messes operated by the U. S. armed forces. T.C.A. § 57-5-208.

Wholesalers and manufacturers of beer must apply to the Commissioner of Revenue and receive a certificate of registration. This registration costs \$20.00 for wholesalers and \$40.00 for manufacturers. T.C.A. § 57-5-102. In addition, wholesalers and manufacturers of beer must execute a bond securing the payment of the state privilege tax, payable to the Commissioner of Revenue. T.C.A. § 57-5-110.

Proceeds of the tax are distributed as follows:

1. Up to 4% to the Department of Revenue to defray the expenses of administration of this tax. T.C.A. § 57-5-202.
2. Of the amount paid into the state treasury:
 - 10.05% to the several counties equally for general purposes.
 - 10.05% to the incorporated municipalities according to population for general purposes.
 - .41% to the Department of Mental Health and Mental Retardation to assist municipalities and counties in carrying out the provisions of the "Comprehensive Alcohol and Drug Treatment Acts of 1973."
 - Remainder (79.49%) to the state general fund. T.C.A. § 57-5-205.

The tax is due and payable on or before the 20th day of the month following the month in which it accrues. T.C.A. § 57-5-203. The Commissioner of Revenue is authorized to suspend or revoke the certificate of registration, or impose civil penalties, for failure to make the required reports or to pay the tax when due. T.C.A. §§ 57-5-108(l), 57-5-204. Persons delinquent in making reports or paying taxes are subject to a penalty of 5 percent of the unpaid tax for each thirty (30) days that the tax is unpaid up to a maximum of twenty-five percent (25%) of the unpaid amount, with minimum penalty of \$15. Additional penalties can be imposed by the Commissioner of Revenue for negligence (10 percent of underpayment) or fraud (100 percent of underpayment). Interest is charged at the legal (formula) rate. T.C.A. §§ 67-1-801, 67-1-804.

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