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New York State Alcoholic Beverage Production Credit

The New York State Department of Taxation and Finance has expanded the applicability of the Alcoholic Beverage Production tax credit (formerly known as the Beer Production Credit). For tax years beginning after December 31, 2015, the credit is now available to registered distributors that produce beer, cider, wine and liquor.

The credit is available to businesses that meet the following criteria:

- Subject to tax under Article 9-A or 22;
- Registered distributor under Article 18; and
- Produce **less** than:
 - 60 million gallons of beer,
 - 60 million gallons of cider,
 - 20 million gallons of wine, or
 - 800,000 gallons of liquor.

Businesses that produce more than the above listed production limits of a particular alcoholic beverage in a tax year, in the state of New York, are not eligible for the credit. However, a business that produces more than one alcoholic beverage that falls within the production limits may claim the production credit for each beverage meeting the requirements.

The production credit is equal to:

- 14 cents per gallon for the first 500,000 gallons produced, plus
- 4.5 cents per gallon for each gallon produced in excess of 500,000 gallons (up to 15 million additional gallons for beer, cider or wine and up to 300,000 additional gallon of liquor).

Any amount of credit in excess of a business's current year tax liability will be credited to the next year's tax obligation.

For more information, contact Yair Holtzman, Partner and R&D Tax Credits & Incentives Practice Leader at 212.536.6933.

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