



STATE OF DELAWARE  
DEPARTMENT OF FINANCE  
DIVISION OF REVENUE  
CARVEL STATE BUILDING  
820 N. FRENCH STREET  
P.O. BOX 8911  
WILMINGTON, DELAWARE 19899-8911

**DIVISION OF REVENUE**

**TECHNICAL INFORMATION MEMORANDUM 96-11**

**DECEMBER 23, 1996**

**SUBJECT: ALCOHOL BEVERAGE TAX REDUCTION**

**CONTACT: EDWARD MASTRAN**  
**(302) 577-5800 EXT. 7549**

**I. INTRODUCTION**

House Bill 716, signed June 30, 1996, amends Chapter 5, Title 4 of the Delaware Code by reducing the alcohol tax on all spirits purchased from any manufacturer or supplier and received by a licensed Delaware importer on or after January 2, 1997. This Act shall also apply to all spirits purchased from any manufacturer or supplier and received and inventoried by a licensed Delaware importer on or after November 1, 1996, and which are resting in the State of Delaware on January 2, 1997. The Act reduces the tax rate on spirits containing 25% or less ethyl alcohol by volume from \$3.64 per gallon to \$2.50 per gallon and reduces the tax rate on spirits containing more than 25% of ethyl alcohol by volume from \$5.46 per gallon to \$3.75 per gallon.

**II. DEFINITIONS**

**"Spirits"** mean any beverage containing more than one half of one percent of ethyl alcohol by volume mixed with water and other substances in solution, and includes, among other things, brandy, rum, whiskey and gin.

**"Manufacturer"** means any person engaged in the manufacture of any alcoholic liquor and among others includes a distiller, a rectifier, a wine maker, a brewer, and includes a bottler or one who prepares alcoholic liquor for sale.

**"Importer"** means the person transporting or ordering, authorizing, or arranging the transportation or shipment of alcoholic liquors into this State and being permitted to sell alcoholic liquors only to those persons licensed to resell alcoholic liquors.

### III. REGULATION

A tax credit shall be applied on such floor stock or inventories purchased by the Delaware importer on or after November 1, 1996, and which are resting in the State of Delaware on January 2, 1997. The tax credit shall be equal to the difference between the amount of tax already paid on such floor stock or inventories and the amount of tax specified in this Act.

All claims for the tax credit granted by H.B. 716 must be submitted in writing to Edward Mastran, Delaware Division of Revenue; 820 N. French Street; Wilmington, DE 19801. The claim must specify how the credit was computed and describe what records were used to support the computation. A suggested computation is shown below.

	<u>GALLONS</u>	<u>GALLONS</u>
Beginning Inventory At 11/01/96	50,000	50,000
Less November Sales	(20,000)	(30,000)
Less December Sales	<u>(21,000)</u>	<u>(25,000)</u>
Pre Nov. 1 Merchandise In Inventory @ 1/2/97	9,000	( 5,000)
Plus November Purchases	18,000	18,000
Plus December Purchases	<u>12,000</u>	<u>12,000</u>
Beginning Inventory @ 1/2/97	39,000	25,000
Less Pre Nov. 1 Merchandise In Inventory	<u>(9,000)</u>	<u>0</u>
Inventory Subject To Tax Credit	30,000	25,000

All claims with supporting documentation must be submitted to the Delaware Division of Revenue on or before January 31, 1997. The tax credit cannot be applied to any alcohol tax due by the Delaware importer until such importer receives written approval from the Delaware Division of Revenue.

The alcohol tax rate reduction of this Act expires on December 31, 1999, unless the Delaware Alcoholic Beverage Commission determines that it has been affirmatively shown, through express findings of fact, that the alcohol tax rate reductions in this Act have resulted in a corresponding reduction in retail prices for consumers.

*William M. Remington*