73A628(I) (1-22)
Commonwealth of Kentucky
**DEPARTMENT OF REVENUE**

# Instructions For Distributor's Monthly Malt Beverage Wholesale Sales Tax and Excise Tax Report

## General Information

Form 73A628—Distributor's Monthly Malt Beverage Wholesale Sales Tax and Excise Tax Report, shall be filed monthly by every licensee who possesses a distributor's license.

A distributor's license authorizes the licensee to purchase malt beverages from Kentucky brewers, out-of-state brewers and distributors, import non–United States brand malt beverages from an importer or wholesaler registered with the Kentucky Department of Revenue, and store malt beverages and sell them from the licensed premises to other distributors and licensed retailers.

A licensed distributor shall pay and report the excise tax levied by KROS 243.720(3) and the wholesale sales tax levied by KRS 243.884.

Please include the following: business name, revenue account number, and corresponding period for which the transactions occurred. Payment of the excise tax and wholesale sales tax is due with the return. Make your check payable to Kentucky State Treasurer. Mail report and payment to **Kentucky Department of Revenue, Frankfort, KY 40619**.

## When to File

Form 73A628 and the tax payment are due on the twentieth (20th) day of the month following the month in which the transactions occurred accompanied by the supporting Form 73A627—Beer Distributor's Monthly Report.

## Definitions

**Brewer:** Any person who manufactures malt beverages or owns, occupies, carries on, works, or conducts any brewery, either by himself or by his agent.

**Brewery:** Any place or premises where malt beverages are manufactured for sale, and includes, all offices, granaries, mash rooms, cooling rooms, vaults, yards, and storerooms connected with the premises; or where any part of the process of the manufacture of malt beverages is carried on; or where any apparatus connected with manufacture is kept or used; or where any of the products of brewing or fermentation are stored or kept.

**Distributor:** Any person who distributes malt beverages for the purpose of being sold at retail.

**Malt beverage:** Any fermented un-distilled alcoholic beverage of any name or description, manufactured from malt wholly or in part, or from any substitute for malt, and having an alcoholic content greater than that permitted.

## Tax Rates

**Wholesale Sales Tax:** For the privilege of making "wholesale sales" or "sales at wholesale" of beer a tax is hereby imposed upon all distributors of beer at the rate of ten percent (10%) of the gross receipts of any such distributor derived from "sales at wholesale" or "wholesale sales" made within the Commonwealth, except as provided in KRS 243.884(2).

**Excise Tax:** Every distributor possessing, using, selling, or distributing malt beverages in this state shall be liable for reporting and paying the excise tax due. There is levied upon the sale or distribution by sale or gift of malt beverages an excise tax of two dollars and fifty cents ($2.50) on each barrel of thirty-one (31) gallons and a proportional rate per gallon on malt beverages sold or distributed in any container of more or less than thirty-one (31) gallons. The credit of fifty percent (50%) of the tax levied on each barrel of malt beverages sold in this state shall flow through to the distributor who purchases malt beverages directly from a Kentucky brewer.

**Instructions for Distributor's Monthly Malt Beverage Wholesale Sales Tax and Excise Tax Report Form 73A628, page 1:**

**Lines 1 through 10:**

**Line 1:** Gross receipts from sales of malt beverages (excluding container deposits and tax) sold in Kentucky during the reporting month.

**Line 2:** Subtract any appropriate adjustments that are accounted for by returns from Kentucky retailers, sold to Kentucky distributors, exported sales and sales to agencies and instrumentalities of the federal government. Total any adjustments on line 2(e).

**Line 3:** Net receipts by subtracting line 2e from line 1.

**Line 4:** Multiply the net receipts (line 3) by ten percent (10%) to arrive at the applicable gross tax.

**Line 5:** Collection and reporting fee equals line 4 multiplied by one percent (1%).

**Line 6:** Net tax due equals line 4 minus line 5.

**Line 7:** Miscellaneous credits and charges that are appropriate for line 2 adjustments. Please give a brief explanation of any adjustment(s) applied on this line.

**Line 8:** Total wholesale sales tax due equals line 6 plus or minus line 7 adjustments.

**Line 9:** Total excise due calculated on page two, line 7.

**Line 10:** Total amount included equals line 8 plus line 9. ***Make your check payable to Kentucky State Treasurer.***

**Instructions for Malt Beverage Distributor's Monthly Report—Malt Beverages Purchased from Brewers Form 73A628, page 2:**

**Schedule A:** Report purchases from brewers (exclude Kentucky brewers). Report sales to military (attach Beer Distributor's Sales to Federal Agencies—Form 73A629), breakage and destroyed (attach Report of Destruction of Alcoholic Beverages—Form 73A535). Subtract sales to military, breakages, and destroyed from purchases from brewers in each row to equal taxable purchases. Multiply taxable purchases of each volume by column 1 to calculate taxable gallons.

***Part I: Calculation of Domestic Brewer Credit***

**Line 1:** Total gallons purchased from Kentucky brewers.

**Line 2:** Multiply line 1 by fifty percent (50%) to equal the domestic brewer credit rate.

**Line 3:** Multiply line 1 by line 2. Also, enter this amount on Part Two: Calculation of Excise Tax, line 2.

***Part II: Calculation of Excise Tax***

**Line 1:** Total gross taxable gallons equal the sum of column 5.

**Line 2:** Taxable gallons from Kentucky Brewers calculated in Part 1, line 3.

**Line 3:** Add line 1 and line 2 to equal total taxable gallons.

**Line 4:** Malt beverage excise tax rate.

**Line 5:** Line 3 multiplied by line 4 to equal the malt beverage excise tax due.

**Line 6:** Enter in any adjustments.

**Line 7:** Total excise tax due equals line 5 plus or minus adjustments from line 6. Enter here and on line 9 on page 1.

**Supporting Forms**

Revenue Form 73A627—Beer Distributor's Monthly Report is used to list all malt beverages received during the reporting period. List each shipment separately and group by supplier. Include invoice date, invoice number, supplier, and quantity purchased.

Revenue Form 73A629—Beer Distributor's Sales to Federal Agencies is used to report military sales. Include the name and address of the military agency as well as the quantity sold, invoice number, and date shipped.

Revenue Form 73A535—Report of Destruction of Alcoholic Beverages is used to report any alcohol destroyed during the reporting period. List the quantity and calculate the total value of tax for the destroyed malt beverages.

**Record Retention**

Each licensee under KRS 243.020 to 243.670 shall keep and maintain upon the licensed premises, or make readily available upon request of the department or the Department of Revenue, adequate books and records of all transactions involved in the manufacture or sale of alcoholic beverages, in the manner required by regulations of the department and the Department of Revenue.

All records of trafficking in alcoholic beverages must be maintained on the immediate premises of the licensee for a period of at least four (4) years.

**Additional Information**

Additional information is available on the Department website at *revenue.ky.gov.*

If you need assistance, you may call (502) 564-6823.