



What tax rate do I (or my distributors) pay?

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- All licensed breweries that do business in Washington are automatically placed at the “high” tax rate of \$8.080 per 31-gallon barrel.
- The Liquor and Cannabis Board (LCB) allows a reduced tax rate on beer produced in the U.S. and sold in Washington state during each fiscal year (July 1– June 30) under certain conditions (see WAC criteria below).
- Breweries in the low tax rate must notify LCB and their distributors if they exceed 60,000 barrels. They will change to the high tax rate for the rest of the year.

Criteria for reduced tax rate for beer (WAC 314-19-035)

- The added beer tax set by RCW 66.24.290 (3)(a) does not apply to the first 60,000 barrels of beer sold in Washington by a licensed brewery each fiscal year if the beer is produced in the U.S. and the producing brewery meets 26 USC 5051 (a)(2) qualifications.
- Washington brewery and out-of-state Beer Certificate of Approval holders must give LCB a copy of their approved Alcohol and Tobacco Tax and Trade Bureau (TTB) Brewer’s Notice stating the brewery is entitled to a reduced federal tax rate on its first 60,000 barrels.
- The tax reduction will not apply until the first day of the second month following the month the LCB gets the notice (e.g., if LCB gets a notice on Jan. 10, the reduction starts on Mar. 1).
- Per RCW 66.24.290, Authorized Representative Certificate of Approval holders do not qualify for the reduced tax rate.
- The reduced tax rate does not apply to “strong beer” (any malt beverage that contains more than eight % alcohol by weight). Strong beer tax must be paid at the high rate even if the brewery meets the qualifications for the reduced rate.

How will a Washington beer distributor know what tax rate to pay for each brewery’s products?

1. The LCB will provide distributors a list of breweries that qualify for the reduced tax rate; and
2. The qualifying brewery must inform their distributors when product sold in Washington exceeds the first 60,000 barrels exempted from the high tax rate.
3. Once a qualifying brewery’s sales exceeds 60,000 barrels, the distributors must begin paying the full tax rate on their monthly tax report.
4. The 60,000-barrel limit does not apply to non-taxable sales, such as exports from Washington state.

If you have questions please contact the Beer and Wine Tax Unit at (360) 664-1721 or beerwinetaxes@lcb.wa.gov.