

Liquor-by-the-Drink Tax Return Changes

Notice #14-00

Liquor-by-the-Drink Tax

February 2014

**Highlights**

- *Liquor-by-the-drink licensees are required to maintain monthly inventory statements.*
- *Changes have been made to the liquor-by-the-drink tax return.*
- *Beginning March 2014, taxpayers must include beginning and ending inventory amounts on return.*

INTRODUCTION

This notice is intended to provide taxpayers and the general public with information concerning a new version of the Alcoholic Beverages for Consumption on the Premises tax return.

DISCUSSION

People licensed to sell alcoholic beverages for consumption on the premises are required to maintain a monthly statement of inventory. The monthly statement should include inventory by brand name, size and dollar value of alcoholic beverages on hand the last day of each month.

As part of an effort to simplify and modernize the audit process for liquor-by-the-drink tax, the Department has added two lines to the Alcoholic Beverages for Consumption on the Premises tax return (also referred to as the "liquor-by-the-drink" return). Beginning with the returns filed for the March 2014 filing period, which are due no later than April 15, 2014, lines one and two will request the dollar amounts of the taxpayer's beginning and ending inventory. The rest of the return remains the same.

The collection of this required information on the return will assist the Department as it continues to modernize and improve its audit procedures related to the liquor-by-the-drink tax. Including inventory amounts on the tax return will enable the Department to better prioritize its future audit activity and to review the compliance of taxpayers maintaining sufficient records without always requiring a full audit. This will reduce the time and effort required by both the Department and taxpayers.

**References:**

T.C.A. § 57-4-301(c)
T.C.A. § 57-4-302(4)
TENN. COMP. R. & REG.
1320-4-2-.06(2)(d)

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