



SOURCE: Board Action

SUMMARY

An excise tax is levied on sales made in this State by common carriers on board boats, trains, and airplanes, or by persons licensed to sell distilled spirits on board such boats, trains, and airplanes. The State Board of Equalization (BOE) proposes to amend section 32202 of the Revenue and Taxation Code (RTC) to require electronic filing of the report of sales of distilled spirits by these persons.

EXISTING LAW

Section 32251 requires taxpayers selling beer or wine or distilled spirits in this state, on or before the 15th day of each month, to file a tax return for the preceding calendar month, using electronic media, showing the amount of beer or wine or distilled spirits sold in this state, the amount of tax for the period covered by the return, and any other information as the board deems necessary.

CODE SECTIONS TO AMEND

RTC section 32202.

IDENTIFICATION OF PROBLEM

The amendments proposed to RTC 32202 are clean-up language to include the requirement for common carriers or persons licensed to sell distilled spirits on board such boats, trains, and airplanes, to report their sales of distilled spirits in this state using electronic media.

PROPOSED SOLUTION

Amend RTC section 32202 to include the requirement to use electronic filing of tax returns for common carriers or persons licensed to sell distilled spirits on board such boats, trains, and airplanes.

JUSTIFICATION

Without legislative action, there would be no conformity for the method of filing required tax returns for all taxpayers under the state's Alcoholic Beverage Tax (ABT).

PROGRAM BACKGROUND/LEGISLATIVE HISTORY

Article 20, section 22 of the California Constitution requires the BOE to administer the ABT. Through an Interagency Agreement (IAA), the California Department of Tax and Fee Administration (CDTFA) collects the tax and administers the ABT program in cooperation and oversight by the BOE.

In 2022, the legislature passed [SB 518 \(Laird\)](#), which in part required all sellers of beer or wine, or distilled spirits to file tax returns and related schedules relating to the calculation of taxes due, to be filed electronically. The proposed amendment to RTC section 32202 will mandate electronic filing of the excise tax returns for common carriers on board boats, trains, and airplanes, or by persons licensed to sell distilled spirits on board such boats, trains, and airplanes.

ARGUMENTS PRO AND CON

Pros

- Efficient program administration so that all ABT returns are filed electronically.
- Taxpayers must electronically file tax returns for ABT, Sales and Use Tax, and other tax and fee programs administered by the CDTFA. Thus, filing additional schedules electronically will not be burdensome.

Cons

- Delay in receipt of tax returns for common carriers on board boats, trains, and airplanes, or by persons licensed to sell distilled spirits on board such boats, trains, and airplanes is inefficient for the administration of other ABT program activities performed to ensure compliance and correct reporting.

PROBABLE SUPPORT AND OPPOSITION

Unknown

OTHER EXTERNAL PARTIES THAT MAY BE AFFECTED

California Department of Tax and Fee Administration

FISCAL IMPACT (If known)

Minor.

DRAFT LANGUAGE

Section 32202 of the Revenue and Taxation Code is amended to read:

32202. *An excise tax is levied on sales made in this State of distilled spirits by common carriers on board boats, trains, and airplanes, or by persons licensed to sell distilled spirits on board such boats, trains, and airplanes, at the same rates as set forth in Section 32201. On or before the first day of each month such common carriers and such other licensed persons shall forward to the board a report of the sales of distilled spirits so made in the calendar month preceding the previous calendar month, in such detail and form as the board may prescribe and shall be filed using electronic media together with a payment sufficient to pay the tax on the sales.*