

SOURCE: Legislative, Research, & Statistics Division

SUMMARY Amend sections 32202 and 32452 of the Revenue and Taxation Code (RTC) to require electronic filing of supplemental reports, including schedules, required from alcoholic beverage licensees, common and private carriers, and other 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.

Section 32452 states that in addition to any other reports required for the administration of the Alcoholic Beverage Tax (ABT), the board may, by rule and otherwise, require additional, other, or supplemental reports from alcoholic beverage licensees, common and private carriers, and other persons and prescribe the form, including verification, of the information to be given on, and the times for filing of, such additional, other, or supplemental reports. The failure or refusal of any person to render the reports required under this section is a misdemeanor.

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, electronically. However, the proposal did not require supplemental reports and informational schedules required for these same returns to also be filed electronically.

CODE SECTIONS TO AMEND

RTC sections 32202 and 32452.

IDENTIFICATION OF PROBLEM

The existing law requiring electronic filing applies only to the tax returns used to report taxes due and does not apply to the required supplemental reports and schedules attached to the returns containing other pertinent information and reports used to ensure compliance and accurate reporting.

The amendments proposed to RTC 32452 include cleanup language to mandate that supplemental reports must also be filed electronically and will include a “schedule” as a type of supplemental report. 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 32452 to include “schedules” as an additional form of a report and require alcoholic beverage licensees to use electronic filing for all informational reports and schedules; and amend RTC section 32202 to clarify 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 and the required supplemental reports and schedules by ABT accounts. Additionally, the information contained in the reports and schedules could be delayed leading to inefficiencies in the administration of the ABT Program.

PROGRAM BACKGROUND/LEGISLATIVE HISTORY

The alcoholic beverage tax is a per-gallon excise tax collected on the sale, distribution, or importation of alcoholic beverages in California. Revenues from the tax are deposited into the Alcohol Beverage Control Fund and are withdrawn for use by the State's General Fund or used to pay refunds under this program.

As part of an interagency agreement, the California Department of Tax and Fee Administration (CDTFA) collects the tax and administers the program in cooperation with the Board of Equalization. The Board of Equalization hears all appeals for claims for refund or petition for redetermination denials.

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.

ARGUMENTS PRO AND CON

Pros

- Efficient program administration so the tax return and informational schedules are received as one unit.
- Taxpayers must electronically file tax returns for ABT, Sales and Use Tax, and other tax and fee programs. The current electronic filing parameters do not allow taxpayers to file an ABT return without also filing informational schedules for ABT at the same time. Therefore, the change will not be burdensome.

Decreased processing times and increased efficiencies of processing the informational schedules will allow data to be uploaded sooner, and more timely distribution of revenues.

Cons

- none

PROBABLE SUPPORT AND OPPOSITION

Unknown

OTHER EXTERNAL PARTIES THAT MAY BE AFFECTED

California Department of Tax and Fee Administration

FISCAL IMPACT (If known)

none

DRAFT LANGUAGE

Section 32452 of the Revenue and Taxation Code is amended to read:

32452. (a) *In addition to any other reports or schedules required under this part, the board may, by rule and otherwise, require additional, other, or supplemental reports or schedules from alcoholic beverage licensees, common and private carriers, and other persons and prescribe the form, including verification, of the information to be given on, and the times for filing of, such additional, other, or supplemental reports or schedules.*

(b) *Any reports or schedules required to be filed under this section shall be filed using electronic media. Reports shall be authenticated in a form or pursuant to methods as may be prescribed by the board.*

(c) *The failure or refusal of any person to render the reports required under this section is a misdemeanor.*

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.*