



STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
LIQUOR CONTROL COMMISSION

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In the matter of Beer, Wine and Mixed Spirit Drink)
Tax Payment Procedures)
As it effects: Wholesale Licensees)
_____)

At the March 23, 2018 meeting of the Michigan Liquor Control Commission
(Commission) in Lansing, Michigan.

PRESENT: Andrew J. Deloney, Chairman
Dennis Olshove, Commissioner

ADMINISTRATIVE ORDER NO. 2018-05
TAX PAYMENT PROCEDURES FOR WHOLESALERS

Under Article IV, Section 40, of the Constitution of Michigan (1963), the Commission shall exercise complete control of the alcoholic beverage traffic within this state, including the retail sales thereof, subject to statutory limitations. MCL 436.1201(2) provides the Commission with the sole right, power, and duty to control the alcoholic beverage traffic and traffic in other alcoholic liquor within this state, including the manufacture, importation, possession, transportation and sale thereof.

Under MCL 436.1409(2), a brewer may designate a wholesaler to pay the tax on behalf of the brewer. The tax shall be levied and collected on the number of barrels the wholesaler actually sold to licensed retailers in this state.

Under MCL 436.1409(3), the Commission shall establish by rule a method for the collection of the tax levied under subsection (1) and reporting requirements for wholesalers, brewers, brewpubs, and outstate sellers of beer to verify the remission of taxes to this state.

Under Michigan Administrative Code R 436.1621(1), each Michigan licensed wholesaler and each Michigan licensed brewer and Michigan licensed micro brewer that does not designate a wholesaler to pay the beer tax shall submit to the Commission, on forms acceptable to the Commission and postmarked no later than the fifteenth day of each month, a beer tax report of all beer sold in this state during the previous calendar month. The payment of the required beer excise tax due pursuant to section 409 of the act, MCL 436.1409, shall be submitted with the beer tax report.

Under Administrative Code R 436.1621(2), the beer excise tax report submitted pursuant to subrule (1) of this rule by a Michigan licensed wholesaler or Michigan licensed brewer or Michigan licensed micro brewer shall include all of the following information: (a) the total sales of beer made into this state during the period covered by the report (b) the total amount of the beer excise tax due (c) the date upon which each sale of beer was made (d) the name and address of the Michigan licensed retailer that received each shipment of beer (e) the invoice number for each shipment of beer and (f) the brand name, quantity and container size for each shipment of beer.

Under Administrative Code R 436.1621(3), each Michigan licensed brewer or micro brewer that chooses to designate a wholesaler shall select a wholesaler or wholesalers sufficient to cover all areas of the state where the Michigan licensed brewer's or Michigan licensed micro brewer's products are distributed.

Under MCL 436.1301(8), a wine maker or manufacturer of mixed spirit drink may designate a wholesaler to pay the tax on behalf of the wine maker or manufacturer, respectively. A wholesaler that is responsible for the payment of the tax under this section or that is designated to pay the tax under this section on behalf of the wine maker or manufacturer of the mixed spirit drink is only required to pay the tax on the number of liters actually sold by the wholesaler to licensed retailers.

Under MCL 436.1301(9), the Commission shall establish by rule a method for the collection of the tax levied in this section and reporting requirements for

wholesalers, wine makers, outstate sellers of mixed spirit drink, and outstate sellers of wine to verify the remission of taxes to this state.

Under Michigan Administrative Code R 436.1725(1), each Michigan licensed wholesaler and each Michigan licensed wine maker that does not designate a wholesaler to pay the wine tax shall submit to the Commission, on forms acceptable to the Commission and postmarked no later than the fifteenth day of each month, a wine tax report of all wine sold in this state during the previous calendar month. The payment of the required wine excise tax due pursuant to section 301 of the act, MCL 436.1301, shall be submitted with the wine tax report.

Under Administrative Code R 436.1725(2), the wine excise tax report submitted pursuant to subrule (1) of this rule by a Michigan licensed wholesaler or Michigan licensed wine maker shall include all of the following information: (a) the total sales of wine made into this state during the period covered by the report (b) the total amount of the wine excise tax due (c) the date upon which each shipment of wine was made (d) the name and address of the Michigan licensed retailer that received each shipment of wine (e) the invoice number for each sale of wine and (f) the brand name, quantity and container size of each item of wine sold.

Under Administrative Code R 436.1725(3), each Michigan licensed wine maker that chooses to designate a wholesaler shall select a wholesaler or wholesalers sufficient to cover all the areas of the state where the Michigan licensed wine maker's products are distributed.

Under MCL 436.1409(2) and (3); MCL 436.1301 (8) and (9); Administrative Rule R 436.1621(1), (2) and (3); and Administrative Rule R 436.1725(1), (2) and (3) and after review and discussion of these provisions at the meeting, the Commission finds that an Administrative Order establishing the process for the beer, wine and mixed spirit drink tax payment procedures should be approved.

THEREFORE, IT IS ORDERED THAT:

- A. A Michigan licensed wholesaler shall submit Michigan Beer Tax Report, Michigan Wine Tax Report or Michigan Mixed Spirit Drink Tax Report, as applicable, by the fifteenth day of each month. Tax payment shall be included with the form.
- B. A Michigan licensed wholesaler shall submit to the Commission supporting documentation that accompanies the beer, wine or mixed spirit drink tax report and payment.
- C. Supporting documentation shall consist of a report or spreadsheet that includes the following information in the following order: (1) date (2) invoice number (3) name of business to which a sale was made (4) address and city of business to which a sale was made (5) description of sale (6) supplier from whom the product was purchased (7) pack size (8) quantity (9) and price
- D. If a wholesaler has sub-distributors, the master wholesaler shall notify the Commission and all sub-distributors that the sub-distributors shall collect the beer, wine or mixed spirit drink tax, as applicable, from the licensees and submit the Michigan Beer Tax Report, Michigan Wine Tax Report or Michigan Mixed Spirit Drink Tax Report, as applicable, and tax payments to the Commission.
- E. If a Michigan licensed brewer or micro brewer or wine maker chooses to designate a wholesaler or wholesalers, all taxes must be paid by the wholesaler or wholesalers in all areas of the state. The Michigan licensed brewer or micro brewer or wine maker shall not pay any of the beer, wine or mixed spirit drink taxes, as applicable.

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MICHIGAN LIQUOR CONTROL COMMISSION



Andrew J. Deloney, Chairman



Dennis Olshove, Commissioner

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