

CHAPTER 3

**ALCOHOLIC BEVERAGE TAX
ACT—STATE LICENSEES**

Authority

N.J.S.A. 54:42-1 and 54:50-1.

Source and Effective Date

R.1999 d.10, effective December 9, 1998.
See: 30 N.J.R. 3607(b), 31 N.J.R. 55(a).

Executive Order No. 66(1978) Expiration Date

Chapter 3, Alcoholic Beverage Tax Act—State Licensees, expires on December 9, 2003.

Chapter Historical Note

Chapter 3, Alcoholic Beverage Tax Act—State Licensees, was filed and became effective prior to September 1, 1969.

Pursuant to Executive Order No. 66(1978), Chapter 3, Alcoholic Beverage Tax Act—State Licensees, was readopted as R.1984 d.170, effective April 23, 1984. See: 16 N.J.R. 513(b), 16 N.J.R. 1097(b).

Pursuant to Executive Order No. 66(1978), Chapter 3, Alcoholic Beverage Tax Act—State Licensees, was readopted as R.1989 d.200, effective March 14, 1989. See: 21 N.J.R. 122(a), 21 N.J.R. 1018(a).

Pursuant to Executive Order No. 66(1978), Chapter 3, Alcoholic Beverage Tax Act—State Licensees, was readopted as R.1994 d.183, effective March 14, 1994. See: 26 N.J.R. 758(a), 26 N.J.R. 1695(a).

Pursuant to Executive Order No. 66(1978), Chapter 3, Alcoholic Beverage Tax Act—State Licensees, was readopted as R.1999 d.10, effective December 9, 1998. See: Source and Effective Date. See, also, section annotations.

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SUBCHAPTER 1. GENERAL PROVISIONS

18:3-1.1 Director's power to make rules and regulations

The Alcoholic Beverage Tax Law authorizes and empowers the Director to make and enforce such rules and regulations as he may deem necessary for the administration and enforcement of the law.

Statutory References

N.J.S.A. 54:42-1.

18:3-1.2 Definitions

The following words and terms, when used in this chapter shall have the following meanings unless the context clearly indicates otherwise.

"Alcoholic beverages" means liquors, fruit brandies, beer, wines, sparkling wine and vermouth, having an alcoholic content of 1/2 of one percent or more by volume.

"Beer" means, beer, lager beer, ale, stout, porter and all similar fermented malt beverages having an alcoholic content of 1/2 of one percent or more by volume.

"Cider" means a beverage made from the alcoholic fermentation of the juice of apples, including, but not limited to, flavored, sparkling or carbonated cider.

"Container" means the receptacle immediately surrounding the alcoholic beverage and not the carton, box, case, sack, bag or other covering in which such containers may be packed, placed or transported.

"Department" means the New Jersey Department of the Treasury.

"Director" means the Director of the Division of Taxation.

"Farm winery license" means: see N.J.S.A. 33:1-10 and N.J.A.C. 13:2.

"Inventory credit memorandum" means a receipt or other memorandum issued to a customer acknowledging the acceptance of the return of a certain quantity of alcoholic beverages as stated thereon in wine gallons or decimal parts thereof.

"Law" means the Alcoholic Beverage Tax Law, N.J.S.A. 54:41-1 et seq.

"Licensee" means the holder of any valid and unrevoked license or special permit issued pursuant to the provisions of any relevant law of this State pertaining to alcoholic beverages.

"Liquors" means all distilled or rectified spirits, alcohol, brandy, fruit brandy, whiskey, rum, gin and all similar distilled alcoholic beverages, including all dilutions and mixtures of one or more of the foregoing, such as liqueurs, cordials and similar compounds, having an alcoholic content of 1/2 of one percent or more by volume.

"Manufacturer" means any person holding a valid and unrevoked brewery, winery, distillery, supplementary limited distillery or rectifier and blender's license issued pursuant to the provisions of any relevant law of this State.

"Person" means a natural person, an association, a partnership or a corporation.

"Plenary retail transit licensee" means any person holding a valid and unrevoked plenary retail transit license issued pursuant to any relevant law of this State, authorizing the sale of alcoholic beverages for consumption only on railroad trains, airplanes and boats while in transit in this State.

"Plenary winery license" means: see N.J.S.A. 33:1-10 and N.J.A.C. 13:2.

"Retail licensee" means any person holding a valid and unrevoked plenary retail consumption, seasonal retail consumption, plenary retail distribution, limited retail distribution, or club license.

"Return" means the return (including exchange) of alcoholic beverages by a customer to the source from which such alcoholic beverages were obtained, upon the cancellation of a sale, and shall include:

1. Actual receipt of the alcoholic beverages on the licensed premises of the source or in a licensed public warehouse for the account of the source; or
2. The sending of the alcoholic beverages by the customer to another person upon instructions of the source; but shall not include any other disposition, such as samples, breakage, shortage, merchandising credits, or alcoholic beverages dumped on the premises of the customer,

except where such dumping is done under the supervision of the Director or his representative. (See N.J.A.C. 18:3-2.21, Deductions for tax credits.)

“Sale” means and includes, in addition to its ordinary meaning, any exchange, gift, loss, theft or other disposition. In every case where alcoholic beverages are exchanged, given, lost, stolen or otherwise disposed of, they shall be deemed to have been sold, unless, in case of loss by fire, proof is furnished to the satisfaction of the Director that the alcoholic beverages have been so destroyed that they could not have been put to any use.

“Sparkling wine” means champagne and any other effervescent wine charged with carbon dioxide, whether artificial-ly or as the result of secondary fermentation of the wine within the container.

“State beverage distributor” means any person holding a valid and unrevoked State beverage distributor license issued pursuant to any relevant law of this State.

“State licensee” means any person holding a valid and unrevoked license or special permit, issued by the Director of the Division of Alcoholic Beverage Control, and who has posted a bond with the Treasurer of the State of New Jersey to secure the payment of the alcoholic beverage taxes.

“Taxpayer” means a person chargeable with the payment of a tax pursuant to the provisions of N.J.S.A. 54:41-1 et seq.

“Transportation licensee” means any person holding a valid and unrevoked license or special permit to transport alcoholic beverages pursuant to the provisions of any relevant law of this State.

“Vermouth” means any compound made by the mixture of extracts from macerated aromatic flavoring materials with wines, and manufactured in such a manner that the product possesses the taste, aroma and characteristics generally attributed to vermouth.

“Warehouse receipt” means certificate or receipt given upon the storage of alcoholic beverages in a United States Internal Revenue or United States Customs warehouse under Federal bond.

“Warehouse receipts licensee” means any person holding a valid and unrevoked warehouse receipts license issued pursuant to any relevant law of the State.

“Wholesaler” means any person holding a valid and unrevoked plenary wholesale, limited wholesale or wine wholesale license issued pursuant to any relevant law of this State.

“Wines” means all wines, whether known as “dry wines”, “sweet wines”, “still wines” or “fortified wines” and any artificial or imitation wine or compound sold as wine, and any fruit juice containing one-half of one percent or more of alcohol by volume, and any other beverage containing alcohol produced by the fermentation of the natural sugar content of fruits or other agricultural products containing sugar, and consisting of one-half of one percent or more of alcohol by volume, but shall not mean or include vermouth or cider containing less than three and two-tenths percentum of alcohol by volume.

Amended by R.1973 d.297, effective October 17, 1973.

See: 5 N.J.R. 319(a), 5 N.J.R. 393(d).

Amended by R.1979 d.180, effective May 4, 1979.

See: 11 N.J.R. 209(a), 11 N.J.R. 305(b).

Deleted definition of “Bureau”.

Amended by R.1982 d.181, effective June 21, 1982.

See: 13 N.J.R. 839(a), 14 N.J.R. 664(a).

Added definitions of “Farm winery license”, “Manufacture” and “Plenary wine license” and amended definitions of “wines”.

Amended by R.1989 d.200, effective April 17, 1989.

See: 21 N.J.R. 122(a), 21 N.J.R. 1018(a).

Deleted definition of “Manufacture”.

Amended by R.1999 d.10, effective January 4, 1999.

See: 30 N.J.R. 3607(b), 31 N.J.R. 55(a).

Added “Cider” definition.

Statutory References

As to the short title and definitions, see N.J.S.A. 54:41-1, 2.

Case Notes

Statutory provision for tax on sales of alcoholic beverages and including within the sales definition the theft of such beverages held not to deny due process or equal protection: cigarette tax rules cited for common scheme support. *Hoffman Import & Distributing Co. v. Director, Division of Taxation*, 146 N.J.Super. 132, 369 A.2d 29 (App. Div.1977), certification denied 75 N.J. 8, 379 A.2d 239 (1977).

SUBCHAPTER 2. DESCRIPTION OF TAX, EXEMPTIONS, CREDITS OR REFUNDS

18:3-2.1 Tax rates on alcoholic beverages

(a) The Alcoholic Beverage Tax Law levies and imposes upon any sale of alcoholic beverages made within this State, or upon any delivery of alcoholic beverages made within or into this State, the following excise taxes:

1. Beer—at the rate of \$0.10 a gallon or fraction thereof from July 1, 1990 through June 30, 1992. On and after July 1, 1992, the rate will be \$0.12 a gallon or fraction thereof;

2. Liquors—at the rate of \$4.20 a gallon thereof from July 1, 1990 through June 30, 1992. On and after July 1, 1992, the rate will be \$4.40 a gallon thereof;

18:3-3.8 Tax liability of transporter of alcoholic beverages to steamships

(a) The delivery of alcoholic beverages by transporters to a steamship company or to a ship at a pier in New Jersey from a consignor who is not the holder of a New Jersey license renders the transporter liable for the tax unless:

1. The tax has been previously paid;

2. The alcoholic beverages are delivered under "Cord and Seal";

3. The alcoholic beverages are consigned to a point outside this State.

(b) These transactions are to be reported on Schedule "N" or "M-N".

Statutory References

As to the tax liability of transporters of alcoholic beverages to steamships, see N.J.S.A. 54:43-2.

18:3-3.9 Delivery of alcoholic beverages to licensed ships in New Jersey

(a) Where the steamship company to which delivery is made holds a license or permit permitting the sale of alcoholic beverages or the transportation of alcoholic beverages out of the State, the rules governing deliveries in this State to such licensees or permittees apply.

(b) Deliveries to a ship at a pier in New Jersey of alcoholic beverages under "Cord and Seal" (which cover importations of alcoholic beverages from a foreign country that remain in Customs bond and are consigned to a person located in a foreign country or for consumption while on the high seas) are exempt from tax.

(c) Deliveries of alcoholic beverages in the custody of the United States Internal Revenue delivered "in-bond" to a ship at a pier in New Jersey for export to a person located in a foreign country or for "ship's supplies" for consumption outside of New Jersey are exempt from the tax.

Statutory References

As to the delivery of beverages to a licensed steamship company, see N.J.S.A. 54:43-2.

18:3-3.10 through 18:3-3.12 (Reserved)**SUBCHAPTER 4. PENALTIES****18:3-4.1 Failure to file report**

Every person who fails to file any report required by the Alcoholic Beverage Tax Law or this Chapter on the day when the same is due, is subject to penalty and interest as provided in the State Tax Uniform Procedure Law, N.J.S.A. 54:48-1, et seq.

Amended by R.1979 d.180, effective May 4, 1979.
See: 11 N.J.R. 209(a), 11 N.J.R. 305(b).

Cross References

See Section 7.1 (When reports due) of this Chapter.

Statutory References

As to penalty for failure to file a report, see N.J.S.A. 54:47-3.

18:3-4.2 Failure to pay tax

Every person who fails to pay any tax as required by the Alcoholic Beverage Tax Law, or this Chapter on the day when the same is due, is subject to penalty and interest as provided in the State Tax Uniform Procedure Law, N.J.S.A. 54:48-1, et seq.

Amended by R.1979 d.180, effective May 4, 1979.
See: 11 N.J.R. 209(a), 11 N.J.R. 305(b).

Cross References

See Section 2.2 (When taxes due) of this Chapter.

Statutory References

As to penalty for failure to pay tax, see N.J.S.A. 54:44-1.

18:3-4.3 Suspension or revocation of license or special permit

The license or special permit of every licensee or special permittee who fails to make and file any report or to pay any tax, penalty or interest which has become due, as required by the Alcoholic Beverage Tax Law, or who fails to comply with this Chapter is subject to suspension or revocation proceedings by the issuing authority.

Statutory References

As to suspension or revocation of license, see N.J.S.A. 54:47-7.

18:3-4.4 (Reserved)**SUBCHAPTER 5. BONDS****18:3-5.1 Bond requirements**

(a) All applicants for licenses and special permits are required to post with the Director a bond or other security in form and amount satisfactory to him, conditioned for the payment of all taxes, penalties and interest which may accrue, except applicants for:

1. Plenary retail transit licenses who do not operate under Interstate Commerce Commission Regulations;
2. Special permits to sell alcohol at retail;
3. Special permits to sell to consumers;
4. Special permits for home manufacturing of wine for personal consumption;
5. Club licenses;
6. Plenary or seasonal retail consumption licenses;
7. Plenary or limited retail distribution licenses.

Statutory References

As to power of Director to require a bond, see N.J.S.A. 54:42-1.

SUBCHAPTER 6. RECORDS

18:3-6.1 Records kept by persons subject to Act

(a) Every person subject to the Act is required to keep receiving records, accounts payable and receivable ledgers, and sales records. These records are to be complete and accurate records of all the information required in this Chapter regarding all transactions (cash or charge) in alcoholic beverages and of all transactions in warehouse receipts given upon the storage of alcoholic beverages in United States Internal Revenue or United States Customs Warehouses under Federal bond in New Jersey. Such records are to be of a kind and in the form prescribed or approved by the Director.

(b) All transactions in receipts, certificates, contracts or other documents given upon the storage in New Jersey of alcoholic beverages in other than United States Internal Revenue or United States Customs Warehouses under Federal bond are to be recorded as transactions in alcoholic beverages, and not as transactions in warehouse receipts.

(c) All invoices pertaining to sales to other New Jersey State licensees are to be kept separate and apart from invoices pertaining to other sales and are to be filed in alphabetical order by accounts.

(d) All invoices pertaining to sales out-of-State are to be kept separate and apart from invoices pertaining to other sales and are to be filed alphabetically, by accounts, and by States.

(e) Where sales to retail licensees are reported on a daily sales basis on written instructions of the Director, State licensees are required to maintain two files of sales invoices or delivery slips:

1. One set to be kept by accounts in alphabetical order; and
2. One set to be filed by days, each day of the month as a separate unit, with properly identified tapes attached listing the gallonage from all the invoices for each day.

(f) All invoices pertaining to consumer sales; sales and samples; losses and breakage; donations and similar items, are to be recorded in the books of account and kept separate and apart from invoices pertaining to all other sales.

(g) The Director from time to time will issue specific instructions on minimum records required.

18:3-6.2 Preservation of records

All records are to be safely preserved for three years in such a manner as to insure permanency and accessibility for inspection by the Director.

Statutory References

As to preservation of records, see N.J.S.A. 54:45-2.

18:3-6.3 Records to be kept separate

All records and accounts pertaining to transactions in alcoholic beverages are to be kept and maintained separate and apart from the records and accounts of any other business conducted by the person required to keep such records and accounts.

Statutory References

As to the separate keeping of records, see N.J.S.A. 54:45-2.

18:3-6.4 Uniformity of records; information

(a) All receiving records, accounts payable and receivable, sales records and all other records must show:

1. The invoice number;
2. The license number;
3. The actual name and address of the licensee or person (and trade name, if any) from whom all alcoholic beverages were purchased or received; or
4. To whom they were sold or delivered;
5. The date of the transaction;
6. The kind of alcoholic beverages involved;
7. The exact size of the container;
8. The number of containers per package;
9. The number of cases, barrels or other units of each size package; and
10. The exact gallonage of each line item listed.

(b) All receiving records, in addition to containing the information required in subsection (a) of this Section, must show the name and address of the licensed transporter or person through whom the alcoholic beverages were received.

(c) Receiving records covering alcoholic beverages received from ports of import must include the name of the steamship. Deliveries via railroad must include the name of the delivering railroad and car number.

(d) Where the number of gallons or packages is not carried in the accounts receivable and accounts payable ledgers, the State licensee must maintain a sales and purchase register in which the actual number of packages or gallons for every invoice is entered.