

UNDERSTANDING BUBBLE TAXES

Cider is taxed by the Federal Government as either Hard Cider, Still Wine or Sparkling Wine depending on the (1) ingredients, (2) ABV and (3) carbonation level. These taxes must be taken into consideration when you are making production and pricing choices.

Tax Rates for Cider Before Small Producer Tax Credits

Hard Cider \$0.226/gal

Product is taxed as hard cider if

- 1 | the product is primarily apples or pears (interpreted as a minimum juice requirement of >50%) **AND**
- 2 | the product does not contain fruit or fruit flavored additions other than apple and/or pear* **AND**
- 3 | the product's carbonation is $\leq 0.64\text{g CO}_2/100\text{mL}$ **AND**
- 4 | the product is LESS than 8.5% ABV

Still Wine \$1.070/gal

Cider is taxed as still wine if

- 1 | the product's carbonation is $\leq 0.392\text{g CO}_2/100\text{mL}$ **AND** the product contains any fruit or fruit flavoring other than apple or pear **OR**
- 2 | the product's carbonation is $\leq 0.392\text{g CO}_2/100\text{mL}$ **AND** the product is at or MORE than 8.5% ABV

Sparkling Wine \$3.40/gal for Bottle Conditioned and \$3.30/gal for Force Carbonated

Cider is taxed as sparkling or carbonated wine if

- 1 | the carbonation is ABOVE $0.64\text{g CO}_2/100\text{mL}$ **OR**
- 2 | the carbonation is ABOVE $0.392\text{g CO}_2/100\text{mL}$ **AND** the product contains fruit or fruit flavoring other than apple or pear

$0.392\text{g CO}_2/100\text{mL} = 1.98$ volumes of CO_2
 $0.64\text{g CO}_2/100\text{mL} = 3.24$ volumes of CO_2

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