



Mixed Drink Taxes

Dear Reader:

The following document was created from the MTAS website ([mtas.tennessee.edu](http://www.mtas.tennessee.edu)). This website is maintained daily by MTAS staff and seeks to represent the most current information regarding issues relative to Tennessee municipal government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with municipal government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other MTAS website material.

Sincerely,

The University of Tennessee
Municipal Technical Advisory Service
1610 University Avenue
Knoxville, TN 37921-6741
865-974-0411 phone
865-974-0423 fax
www.mtas.tennessee.edu

Table of Contents

Mixed Drink Taxes	3
-------------------------	---

Mixed Drink Taxes

Reference Number: MTAS-1857

Revenue Class: Local Taxes

Fund: General

Account No.: 31730

Description: Tax on the sale of alcoholic beverages for consumption on the premises.

Authorization: T.C.A. § 57-4-301(c); T.C.A. § 57-4-306

Requirements or Restrictions: N/A

Current Rate: Fifteen percent of the sales price of all alcoholic beverages sold for consumption on the premises.

Frequency of Payment: Monthly.

Late Pay Penalty: N/A

Exemptions: Not applicable to charitable, nonprofit, or political organizations selling alcohol under a special occasion license. T.C.A. § 57-4-301(e). Also exempted from this tax are commercial airlines (but not airline travel clubs), paddlewheel steamboat companies, and passenger trains. T.C.A. § 57-4-301(d).

Collection: State retains the first 50 percent for its general fund and it is earmarked for education; the remaining 50 percent is distributed to the municipality, if collected in an incorporated municipality, or to the county if collected in an unincorporated area. Recent legislation found at T.C.A. § 57-4-306 (b) provides detailed instructions on further distribution and should be reviewed carefully. Determining factors include whether or not municipalities have their own school system (LEA) or special school district (SSA). Also included are interim requirements through June 30, 2019, as well as compliance, notice and exemption provisions.

Use Restrictions: For premier tourist resorts, the municipality's percentage must be spent on schools in the municipality. T.C.A. § 57-4-306 (d).

DISCLAIMER: The letters and publications written by the MTAS consultants were written based upon the law at the time and/or a specific sets of facts. The laws referenced in the letters and publications may have changed and/or the technical advice provided may not be applicable to your city or circumstances. Always consult with your city attorney or an MTAS consultant before taking any action based on information contained in this website.

Source URL (retrieved on 05/29/2020 - 1:46pm): <http://www.mtas.tennessee.edu/reference/mixed-drink-taxes>



Municipal Technical Advisory Service
INSTITUTE for PUBLIC SERVICE