



Municipal Technical Advisory Service  
INSTITUTE *for* PUBLIC SERVICE

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## Wholesale Liquor Tax

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Dear Reader:

The following document was created from the MTAS website ([mtas.tennessee.edu](https://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,

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# Table of Contents

Wholesale Liquor Tax .....	3
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## Wholesale Liquor Tax

**Reference Number:** MTAS-1856

**Revenue Class:** Local Taxes

**Fund:** General

**Account No.:** 31720

**Description:** State authorized tax on wholesale sales of liquor. City must pass an ordinance to impose an inspection fee upon licensed retailers of alcoholic beverages or upon retail food store wine licensees located within such municipality.

**Authorization:** T.C.A. § 57-3-501 *et seq.*

**Requirements or Restrictions:** As delineated in T.C.A.

**Current Rate:** Depending upon the size of municipality's county, the municipality levies by ordinance a 5 percent or 8 percent inspection fee that is collected by the wholesalers from the retailer during distribution. The wholesalers then retain 5 percent of the fee for performing the collection. The fee cannot exceed 8 percent of the wholesale price of alcoholic beverages sold in municipalities located in counties having a population of less than 60,000; and cannot exceed 5 percent for municipalities located in counties having a population more than 60,000.

**Frequency of Payment:** Monthly by the 20<sup>th</sup>.

**Late Pay Penalty:** A penalty of 10 percent is assessed after the 20th of each month. T.C.A. § 57-3-503(b).

**Exemptions:** None.

**Collection:** The inspection fee is collected by the wholesaler from the retailer and remitted by wholesalers to the municipality monthly on municipal-prescribed form.

**Use Restrictions:** None.

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*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.*

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