

Suspension of Special (Occupational) Tax Payments

On October 22, 2004, Public Law 108-357, the American Jobs Creation Act of 2004, was signed into law. As part of this act, the payment of Special (Occupational) Tax will be suspended for some businesses.

Currently, Special (Occupational) Tax (SOT) is due by July 1 of every year for most businesses engaged in alcohol and tobacco industries at the manufacturing, wholesaling/importing, and retailing levels (tobacco retailers are not included). This tax varies in amount depending on the type of business and commodity. The SOT Tax Year is from July 1 through June 30.

With this new law, some SOT taxpayers will not be required to pay this tax for the period beginning July 1, 2005. The suspension of the SOT requirement will last 3 years and ends on June 30, 2008. No SOT is due for operations conducted between these dates.

Payment of SOT is suspended for producers, wholesalers, importers, and retailers of alcohol beverages, as well as manufacturers of nonbeverage products.

However, SOT remains due and payable by the following industry members:

- Tax-Free Alcohol Users and Specially Denatured Alcohol Users and Dealers
- Tobacco Products Manufacturers, Cigarette Papers and Tubes Manufacturers, and Tobacco Export Warehouse Proprietors

For all industry members, SOT remains due and payable for all persons in business and any new business until July 1, 2005. Any liabilities up until that date will still be due, even during the suspension period.

Even though the law suspends payment of SOT for some taxpayers, there is still a registration requirement.

- Although no tax is due, taxpayers who would otherwise be liable for this tax must still file the SOT Tax Return (TTB Form 5630.5) annually with TTB.
- TTB will continue the mass mailings in April/May to register persons, and not collect the tax.
- TTB will pursue registration of those persons who paid SOT the preceding year, but did not register on July 1, 2005; and will do so for each year of the suspension, to maintain the registration requirement.

If you have questions regarding the suspension of SOT, please contact TTB's National Revenue Center at 1-(800) 937-8864 or (513) 684-2979.