



TTB Public Guidance

TTB Issues Guidance Regarding Physical Inventory of Beer and Cereal Beverages

The Alcohol and Tobacco Tax and Trade Bureau (TTB) issues this guidance to remind brewers that pursuant to [27 CFR 25.294](#) a physical inventory of beer and cereal beverages must be taken at least once each calendar month. The brewer may take this inventory within 7 days of the close of the calendar month.

We issue this guidance due to recent findings that reveal the recording of the required physical inventory, the reporting of inventory shortages disclosed by the inventory, and the brewer's understanding of the tax liability associated with shortages remain problematic.

We remind brewers that pursuant to [27 CFR 25.297](#) they must record the number of barrels of beer as determined by the physical inventory at line 33 on the Brewer's Report of Operations ([TTB Form 5130.9](#)). If the number of barrels determined by the physical count is less than the book inventory, brewers must record that difference at line 31 on the Brewer's Report of Operations. Brewers filing quarterly are to use inventory totals taken during the last month of the quarter.

A step-by-step tutorial on how to complete a Brewer's Report of Operations can be accessed by [clicking here](#). We also remind brewers reporting on the Brewpub Report of Operations ([TTB Form 5130.26](#)) that pursuant to [27 CFR 25.25](#) all beer is to be dispensed from a tax determination tank, and, therefore, packaged goods should not be on hand.

For shortages in the finished goods account (cases, bottles or kegs), brewers must either provide an explanation per [Industry Circular 2007-1](#) as to why there is no tax liability with respect to shortage, or the brewer must pay the excise tax on the shortage.

If you have questions on this guidance, you may [contact us](#) for more information.