

Business Advisory for Craft Breweries



The experienced team of tax planning, accounting, technology consulting and M&A professionals at Chortek LLP has a wealth of knowledge to meet the needs of craft breweries. After all, building a 65 year legacy in the “brewing capital of the world,” we’ve come to know a thing or two about beer.

Tax Planning and Reporting

We understand the complexities of having your brewery comply with Federal, State, and local tax requirements and make every effort possible to prepare a complete and supportable income tax return that takes advantage of appropriate tax deductions, resulting in the lowest allowable income tax liability.

We treat your business and business issues as though they were our own, implementing strategies that we would use for ourselves. Many of our professionals have been business owners and will use their experience to recognize your tax savings opportunities and help you strategize for future business growth.

General tax planning and reporting services include:

- Research and development tax credits
- Sales & use tax compliance review
- Multi-state compliance and filing
- Depreciation and cost segregation study
- Accounting method analysis
- Entity structure analysis
- Travel and entertainment compliance
- Payroll/fringe benefit review and planning
- Independent contractor vs. employee
- Board of director meeting minutes review
- Succession planning and exit strategies
- Accounts receivable collection policies

Our knowledge of the craft brewing industry comes from extensive research on issues impacting your marketplace and strong relationships we established with partners within your industry, such as bottlers, distributors, food and beverage manufacturers, ingredient providers, distillers, cheese makers, bankers, attorneys and financial planners.

Value Added Services

The talented team of professionals at Chortek understands your brewery needs and offers additional solutions to manage your business, such as daily cash flow management, accounting services, and technology enhancements. As you work closely with our advisors, we will help you achieve greater efficiencies in your business operations that allow you to focus on brewing remarkable craft beers and expanding your business.

Chortek is a leading professional services firm with deep industry expertise delivering accounting, auditing and tax compliance services coupled with value-driven technology solutions and tailored M&A offerings.

Chortek advises business leaders and individuals on innovative ways to protect assets and enhance efficiencies through a consistent, client-centric experience.

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Our talented team of tax professionals understands the needs of craft breweries and offers the following services specific to those needs:

Excise Tax

A bill currently working its way through the Federal legislative system, titled the Brewer's Employment and Excise Relief (BEER) Act, will hopefully reduce the excise tax on each barrel from \$7 to \$3.50 up to 60,000 barrels produced each year and knock the escalated rate down to \$16 from \$18 for every barrel produced after 60,000. We stay up-to-date with tax-related legislation such as this excise tax in order to help our clients reduce their annual tax burden.

IC-DISC

If a closely held company earns significant income from exporting US-made products, it may be a good idea to form an 'Interest Charge Domestic International Sales Corporation' (IC-DISC). An IC-DISC is relatively inexpensive to set up and operate, and it can reduce the federal tax rate on a portion of net export income by up to 20 percentage points. You benefit from establishing an IC-DISC by having your ordinary income taxed at only a 15 percent tax rate.

Our tax professionals can analyze your specific situation, apply for an IC-DISC and manage the tax planning and reporting so you can focus on growing your brewery.

Research & Development (R&D) Tax Credits

The Research & Development Tax Credit can provide an immediate source of cash for your brewery, including a significant reduction to current and future year's Federal and State tax liabilities. If your business has invested time, money and resources, in other words, your sweat equity, towards the advancement and improvement of its products or processes, then you may qualify for the R&D tax credit.

The following is a short list of innovations eligible for the R&D tax credit:

- Bottling and packaging processes
- Ingredient processing techniques
- Distillation processes
- Developing new testing methods or protocols
- Experimentation to increase product yield and decrease reaction times
- Innovations to improve a product's shelf life
- Creating new or improved products with desirable characteristics
- Developing new or improved techniques or formulas
- Developing new or improved manufacturing processes
- Implementation of automation processes

We can help guide your business through the process of determining eligibility and filing proper documentation.

Examples of Federal Credits Received by Craft Brewers

Annual Sales: \$5 Million \$36,000 in Federal Credits

Annual Sales: \$30 Million \$82,000 in Federal Credits

Contact us today to begin the conversation.