

ORIGINAL RESEARCH, 2026

The 2026 State of Distillery Compliance and Costs

The three numbers that quietly run a distillery: federal excise tax under CBMA, the angel's share, and where you can ship direct.

Key findings

- Federal excise tax on distilled spirits is tiered under CBMA: \$2.70 per proof gallon on the first 100,000 PG removed each calendar year, \$13.34 up to roughly 22.23 million, and \$13.50 above that. The reduced first tier is worth up to \$1.08 million a year at the 100,000 PG threshold.
- The angel's share runs roughly 2 to 6 percent per year and can total 30 to 40 percent over a long maturation. On a 53-gallon barrel entered at 125 proof, a mid-range 20 percent five-year loss is about 13.25 proof gallons gone before bottling.
- Direct-to-consumer spirits shipping is permitted in only about 13 US jurisdictions as of 2026, versus nearly every state for wine. California opened DTC for 2026 on a one-year AB-1246 pilot.
- These three numbers, the CBMA tier, the per-barrel loss, and the shippable states, are the difference between a modeled margin and a real one, yet they typically live in separate spreadsheets.

Federal excise tax under CBMA

The federal excise tax on distilled spirits is charged per proof gallon when spirits are removed from bond. Under the Craft Beverage Modernization Act the rate is tiered by annual removals and resets every January, applying cumulatively, so your effective rate climbs through the year.

Annual removals (PG)	Tax at CBMA tiers	Tax at full rate	First-tier savings
10,000	\$27,000	\$135,000	\$108,000
25,000	\$67,500	\$337,500	\$270,000
50,000	\$135,000	\$675,000	\$540,000
100,000	\$270,000	\$1,350,000	\$1,080,000

Modeled from the CBMA statutory tiers (\$2.70 / \$13.34 / \$13.50 per proof gallon). Savings is the full standard rate minus the tiered rate.

The angel's share, as a cost

Every year a barrel ages, some evaporates. Public sources put the loss at roughly 2 to 6 percent per year, totaling around 30 to 40 percent over a long maturation. The number that matters for pricing is proof gallons lost, because that is what you can no longer sell.

Barrel fill	53 wine gallons at 125 proof = 66.25 proof gallons
Annual loss	~2 to 6 percent per year
5-year loss (modeled)	~20 percent, about 13.25 proof gallons gone before bottling
Long maturation	~35 percent total over a long aging

Loss ranges from cited public sources, applied to a standard 53-gallon, 125-proof fill at a mid-range 20 percent five-year loss.

Where you can ship direct

Direct-to-consumer shipping is the channel most craft producers want and the one most restricted for spirits. Only about 13 jurisdictions permit interstate DTC spirits shipping as of 2026, each with its own producer-size caps, volume limits, licensing, and adult-signature requirements. California opened DTC for 2026 under the AB-1246 pilot, limited to craft producers and capped per consumer per day, on a one-year term.

DTC counts from the sourced state ruleset (Avalara/Sovos; Clark Hill on CA AB-1246, 2025-2026).

Why these three numbers belong together

Each of these is knowable. The problem is that they usually live apart: excise in a tax spreadsheet, loss in a barrel log, DTC rules in someone's memory. When disconnected, a distillery prices off a margin that does not survive contact with the actual tax tier, the actual evaporation, and the actual states it can sell into. The distilleries that price accurately keep these numbers in one connected system.

Sources and methodology

Modeled figures are computed from the same formulas the Spirit Sight platform uses and are labeled as modeled. This is general information, not tax or legal advice. CBMA tiers per 26 U.S.C. 5001; angel's-share ranges from cited public sources applied to a standard barrel; DTC counts from the sourced state ruleset. Cite or reproduce with attribution to Spirit Sight, spiritsight.co.

- TTB, Craft Beverage Modernization Act - <https://www.ttb.gov/taxes/craft-beverage-modernization-and-tax-reform-cbmtra>
- 26 U.S.C. 5001 / eCFR Title 27 - <https://www.ecfr.gov/current/title-27>
- Distiller Magazine, distillery cost accounting - <https://distilling.com/distillermagazine/distillery-cost-accounting-101/>
- Distillery Trail, what is the angel's share - <https://www.distillerytrail.com/blog/what-is-the-angels-share/>
- Sovos ShipCompliant, DTC spirits report - <https://sovos.com/shipcompliant/content-library/dtc-spirits-report/>
- Distiller Magazine, California DTC for 2026 - <https://distilling.com/distillermagazine/california-legalizes-dtc-spirits-shipping-for-2026-in-a-landmark-move/>