



**TABC**

# Cash and Credit Law

**What Do I Need To Know About**

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TABC wants your business to prosper. One part of your success is understanding how Texas law affects your business. We've designed this course to provide the basics of what you can and can't do with your business. This is a summary of your responsibilities and isn't meant to be an exhaustive list. Please see the [Alcoholic Beverage Code](#) (Code), [TABC Administrative Rules](#) (Rules) and our [Marketing Practices Advisories](#) for more details.



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## What is Cash Law?

Cash law is the sale and delivery of malt beverage products to a retailer by a distributor license or local distributor permit holder. Cash law requires that malt beverages be paid for in cash either on or before delivery.

Sales of malt beverages to other distributors or exports out of state are not subject to cash law.



## What is Seller vs Purchaser?

A seller holds the following license or permit types:

- Brewer's Self-Distribution (SD)
- Brewpub (BP)– Issued to a Wine and Malt Beverage (BG)
- General (BB) and Branch Distributor (BC)
- Local Distributor's (LP)

A purchaser holds the following license or permit types:

- Package store (P) or Wine Only Package Store (Q)
- Mixed Beverage (MB) and Private Club Registration (N,NE,NB)
- Retail Dealer's on-premise (BE) or off-premise (BF)
- Wine and Malt Beverage Retailer's permittee (BG)
- Wine and Malt Beverage Retailer's off-premise (BQ)
- Non-profit Entity Temporary Event (NT)



## What Are The Cash Law Payment Requirements?

A full payment is required on or before delivery for all malt beverages in cash or cash equivalent.

Electronic Funds Transfers (EFT), checks, money orders, cashier's checks, and bank drafts payable on demand qualify as a form of cash payment.

If the seller accepts a check in lieu of cash and it is dishonored (NSF), the seller of the malt beverage is required by law to report the dishonored check to the TABC within two business days of bank notification. (Saturday is considered a business day)

Failure to report an NSF check within two business days of bank notification is a violation of the Alcoholic Beverage Code and may result in administrative action against your license or permit.



## What is a Cash Law Incident and How Do I Report it to TABC?

A cash law incident occurs when a retailer fails to provide payment in full or provides a check in lieu of cash and it is dishonored (NSF).

The seller is required by law to report the dishonored check to the TABC.

Repeat violations of dishonored checks will result in progressive administrative sanctions against the retailer.

The seller will need to report the cash law incident electronically through the commission's web-based reporting system at <https://www.tabc.texas.gov>.

The seller must maintain proof (NSF Check) of the non-payment for future inspection and audit by TABC. Copies of the NSF checks may be requested by TABC for administrative cases.



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## What is Credit Law?

Credit Law is when a wholesale dealer extends credit to a retailer for the purchase of distilled spirits and/or wine.

- If credit is extended, these alcoholic beverages, if purchased between the 1st and 15th of the month, must be paid for by the 25th of the same month.
- If purchased between the 16th and the last day of the month, products must be paid for by the 10th of the following month.

If not paid timely, the seller is required by statute to report this non-payment to the commission and the reported retailer's permit will be placed on the agency's internet-based credit law delinquent list until the reporting wholesaler notifies TABC that the retailer has paid in full.

*IMPORTANT: No wholesaler (including the reporting wholesaler) is permitted to sell liquor (wine or distilled spirits) to the retailer while on the credit law delinquent list. The wholesaler should check the delinquent list prior to making a sale to a retailer.*

*Sales to retailers on the delinquent list will result in an administrative sanction against the wholesaler.*



## Who is Seller Vs. Purchaser?

A seller holds the following license or permit types:

- Wholesaler (W)
- Class B Wholesaler (X)
- Winery (G)
- Local Distributor (LP)

A purchaser holds the following license or permit types:

- Package Store (P) and Wine Only Package Store (Q)
- Wine and Malt Beverage Retailers (BG)
- Wine and Malt Beverage Retailer's off-premise (BQ)
- Mixed Beverage (MB) and Private Club Registration (N)
- Private Club Exempt (NE) and Wine and Malt Beverage Private Club (NB)
- Non-profit Entity - Temporary Event Permit (NT)



## What is a Delinquent Payment?

The retailer is considered delinquent if payment is not received by the seller on or before the 4th business day following the due date (10th or 25th).

### Payment Calendar

#### DELIVERY DATE: MARCH 1-15

MARCH						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
APRIL						
28	29	30	31	1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	

- Payments may be made by check, cash or other forms.
- Due Date
- Payments must be made by cash or cash equivalent.
- Publication Date

#### DELIVERY DATE: MARCH 16-31

MARCH						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
APRIL						
28	29	30	31	1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	

- Payments may be made by check, cash or other forms.
- Due Date
- Payments must be made by cash or cash equivalent.
- Publication Date



## What Are The General Invoice Requirements?

The delivery of alcohol to a retailer must be accompanied by an invoice showing the following:

- Name and permit number of the seller and retailer (purchaser)
- Address of the retailer and seller
- Full line-item description of the alcohol sold to include the quantity, package description, price, and date of delivery.

The original copy of the invoice must be signed by the retailer to verify receipt and accuracy of the alcohol.

Invoices should be retained for four years from the date of delivery.

Invoices may be signed electronically and retained on an internet-based system.

Invoices older than two years may be stored at a location other than the licensed premises if the invoices will be accessible and made available to the Commission during normal business hours.

For more information regarding cash and credit law, see all applicable [TABC Marketing Practices Advisories](#) and TABC's [Cash and Credit Law](#) webpage.



## What is a Cash or Credit Law Dispute?

If there is a dispute with a retailer regarding a cash or credit law violation, supporting documents should be submitted with a detailed written statement to the TABC explaining the basis of the dispute.

The seller should immediately submit a notice of resolution of a dispute to the TABC.

Administrative action may be initiated against a retailer for one or more repeated cash/credit law violations within a rolling 24-month period that you report.

It is important that the seller report any retailer that is in violation of cash or credit law in a timely manner.

If the seller does not report a cash or credit law violation to TABC, the seller is subject to an administrative sanction (fine or suspension).



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**Questions?**

**Please contact your local TABC office.**

[tabc.texas.gov/contact-us/](http://tabc.texas.gov/contact-us/)