

PA SALES TAX/BEER SOLD AT BREWERIES

Q: Is there a new sales tax on beer sold at breweries in Pennsylvania?

A: No, there is not a new tax. Pennsylvania law has required beer manufacturers to collect sales tax for nearly 50 years.

Q: What has changed?

A: The beer industry has changed dramatically in recent years, in part because of substantial reforms to the commonwealth's liquor laws. Beer is now reaching consumers in many new and different ways, which is why the department moved to issue **a sales tax bulletin** in July 2018 to provide clarity for brewers and others on the law that has been in place for several decades.

The bulletin makes it clear that sales of beer by brewers are taxable. The bulletin also provides:

1. An overview of recent changes to Pennsylvania's liquor laws that have granted new authority to brewers to sell their products.
2. A detailed explanation regarding how the more than 70 different types of licenses and permits issued by the Pennsylvania Liquor Control Board fit into the five broad categories of licensees outlined in Pennsylvania sales tax law.

As a reminder, Pennsylvania's Tax Reform Code of 1971 specifically states that a brewery shall collect and remit sales tax on sales of malt or brewed beverages to any person for any purpose except to distributors or importing distributors.

Q: Doesn't this create an unlevel playing field that treats brewers unfairly?

A: To the contrary, this bulletin now levels the playing field. The department has a duty to ensure that proprietors in this industry who are already remitting sales tax, as required by law, are operating on a level playing field with their competitors. Consumers pay sales tax, either directly (such as when purchasing from a beer distributor) or indirectly (such as when purchasing a bottle of beer at a restaurant that paid the tax to the beer distributor), on all purchases of beer.

Breweries were never intended to be exempt from collecting sales tax on sales directly to consumers. This is an issue of fairness across the beer distribution network. The department's mission is to administer Pennsylvania's tax laws fairly and accurately.

Q: What has the department done to address concerns and questions from brewers and others?

A: The department has met with brewers, industry stakeholders and legislators regarding the tax bulletin that was issued. The department agreed to delay enforcement of the bulletin until July 1, 2019. The department is simply asking those impacted by the bulletin to follow the law, as all Pennsylvania businesses are required to do.

Q: Who do I call if I have questions?

A: Contact the department's Customer Experience Center at 717-787-1064. 📞

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