

Malt Beverage Tax Credit Program

Program Guidelines



September 2023

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Section I - Introduction

Pursuant to Article XX of the Tax Reform Code of 1971, as amended (the “Act”), the Commonwealth of Pennsylvania, acting by and through the Pennsylvania Department of Revenue (the “Department”) hereby administers the Malt Beverage Tax Credit (the “Program”) authorized under Act 84 of 2016 and signed into law by Governor Tom Wolf.

The Program is designed to offset the cost of investment for manufacturing expenditures in the malt or brewed beverage industry. It was formerly effective from January 1, 1974 to December 31, 2008 for small brewers with an annual production of 1,500,000 or less barrels per year. Reinstatement of the credit was effective beginning in fiscal year 17/18 with the removal of the annual production cap.

A taxpayer may apply for a Malt Beverage Tax Credit by submitting an application along with supporting documentation to the Department of Revenue for qualified capital expenditures placed into service in Pennsylvania between January 1, 2023 and December 31, 2023 or within one year of the date of the original purchase submitted prior to the April 1, 2024 application deadline.

Prior to submitting an application, Applicants should read and understand the requirements of the Act and are strongly advised to consult with their legal and financial advisors.

Section II –Program Eligibility

A taxpayer that is a manufacturer of malt or brewed beverages may submit an application for tax credits against the malt beverage tax imposed under Article XX of the Tax Reform Code for investment in qualified capital expenditures placed into service in this Commonwealth.

During the application process all applicants must be in compliance with the tax laws and regulations of the Commonwealth of Pennsylvania to the satisfaction of the Department of Revenue. Should an applicant be found to be out of compliance, notification will be provided to the applicant to resolve the issues within a 30-day period. Failure to resolve the issues will disqualify the applicant from the program.

Section III –Credit Determination

1. The amount of the tax credit is based on the equivalent cost of Qualifying Capital Expenditures in the effective year of the program.
 - Qualifying Capital Expenditures include plant, machinery, or equipment for use by the taxpayer in the Commonwealth in the manufacture and sale of malt or brewed beverages.
2. The maximum-awarded credit may not exceed \$200,000.00 per taxpayer, per program year.

3. The total amount of tax credits approved by the department shall not exceed \$5,000,000 in any fiscal year. If the total amount of tax credits applied for by all taxpayers exceeds the limitation on the amount of tax credits in a fiscal year, the tax credit to be received by each application shall be pro-rated using the statutory formula:
 - Taxpayer's tax credit = amount allocated for those tax credits X (tax credit granted to the taxpayer/total of all tax credits granted to all taxpayers).

Section IV – Application Criteria

Applicants for a Malt Beverage Tax Credit must provide to the Department a complete application package consisting of the following:

1. Completed Malt Beverage Tax Credit Program Application form.
2. Completed qualified expenditure schedule in electronic format.
3. Copies of complete invoices for all purchase transactions, in the order as they appear on the expenditure schedule with invoice copies hyperlinked using the invoice number.
 - If only certain items on an invoice qualify, identify those specific items on the invoice.
4. Detailed description of each product not readily apparent; provide supporting documentation such as catalog cuts.
5. Detailed description of the process in which items were used, installed, repaired, maintained, etc.
6. Proof of delivery location for items placed into service in the brewery.
7. Proof of payment.
 - For each transaction submit proof of payment documentation to verify amount and date of payment/remittance. Reconcile all documentation to requested tax credit.

Proof of payment shall consist of:

- Copy (front and back) of cancelled check. If check and invoice amounts differ, provide a copy of the check voucher or documentation to support amount paid and reconcile any differences. In the alternative provide a bank statement, which includes a printout of the check showing the amount of the check and the date the check cleared and reconcile this to the invoice amount.

- For electronic payment in addition to any internal payment voucher, submit a copy of the actual transmittal confirmation or bank statement directly from the bank showing the cleared electronic payment. Reconcile individual invoices to transmittal or bank statement, accounting for subsequent bank adjustments to any transmittal. A voucher, memo, or other internal document from Applicant's accounting system alone is not sufficient proof of payment.
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Documentation Submission

The completed application and supporting documentation must be mailed to the Department of Revenue on a portable data storage device (compact disc or flash drive) with hyperlinked data to the refund schedule.

- Do NOT email downloadable .zip files or provide links to stored files.
- Do NOT compress files or password protect individual documents submitted via portable or electronic media. A one-time password protect may be added to a device, however other security features or requirements to download may cause the device to be unreadable by the Department.
- Please be advised that all evidence submitted in conjunction with any application is the property of the Commonwealth of Pennsylvania and **will not be returned.**

Qualifying Expenditure Schedule

This schedule may be downloaded from the Revenue website: www.revenue.pa.gov/taxcredits or requested electronically by emailing: mforti@pa.gov.

SECTION I (REQUIRED)					SECTION II (REQUIRED)			SECTION III (REQUIRED)		SECTION IV ADDITIONAL INFORMATION (AS APPLICABLE)		
Vendor Name	Invoice No.	Invoice Date	Item Description (as detailed on invoice)	Total Invoice Amount	Method of Payment	Date Paid	Other or Excluded Items on Invoice	Tax Credit Requested Amount	Additional Comments	DOCUMENTATION HYPERLINKS		
										INVOICE HYPERLINK	PROOF OF PAYMENT HYPERLINK	ADD'L INFORMATION HYPERLINK
										-	-	-

SECTION I (REQUIRED)				
Vendor Name	Invoice No.	Invoice Date	Item Description (as detailed on invoice)	Total Invoice Amount

SECTION II (REQUIRED)		
Method of Payment	Date Paid	Other or Excluded Items on Invoice

SECTION III (REQUIRED)	
Tax Credit Requested Amount	Additional Comments
STATE	

SECTION IV ADDITIONAL INFORMATION (AS APPLICABLE)		
DOCUMENTATION HYPERLINKS		
INVOICE HYPERLINK	PROOF OF PAYMENT HYPERLINK	ADD'L INFORMATION HYPERLINK

Section V – Credit Notification and Utilization

Upon approval of the application the Department will issue a Malt Beverage Tax Credit Certificate within 90 days of the April 1, 2024 submission deadline.

Malt Beverage Tax Credits are restricted for use against the Malt Beverage tax type only and may not be sold, assigned or transferred to another entity. Any credit claimed under this article but not used in the taxable year may be carried forward for not more than three consecutive taxable years. The tax credit may not be used to obtain a refund.

Section VI - Program Monitoring and Recapture

Upon submission of the application, the applicant must be in compliance with the tax laws and regulations of the Commonwealth of Pennsylvania to the satisfaction of the Department. Failure to achieve state tax compliance during the review period will result in the denial of the application.

The Department has the authority to request and audit records held by the applicant. If the Department determines that the requirements for eligibility have not been satisfied, the Department may recapture all or part of the tax credits awarded.

Section VII - Definitions

“Amounts paid.” The phrase means (i) amounts actually paid, or (ii) at the taxpayer's election, amounts promised to be paid under firm purchase contracts actually executed during any calendar year falling within the effective period of this section: Provided however, that there shall be no duplication of “amounts paid” under this definition.

“Effective period.” The period from January 1, 1974, to December 31, 2008, and the period after June 30, 2017, inclusive.

“Qualifying capital expenditures.” Amounts paid by a taxpayer during the effective period of this section for the purchase of items of plant, machinery or equipment for use by the taxpayer within this Commonwealth in the manufacture and sale of malt or brewed beverages: Provided however, that the total amount of qualifying capital expenditures made by a taxpayer within a single calendar year shall not exceed two hundred thousand dollars (\$200,000).

“Secretary.” The Secretary of Revenue of the Commonwealth of Pennsylvania where not otherwise qualified.

“Taxpayer.” A manufacturer of malt or brewed beverages claiming a tax credit or credits under this section.

Section VIII – Application Deadline

A taxpayer may apply for a Malt Beverage Tax Credit by submitting an application along with supporting documentation to the Department of Revenue for qualified capital expenditures placed into service in Pennsylvania between January 1, 2023 and December 31, 2023 or within one year of the date of the original purchase submitted prior to the April 1, 2024 application deadline.

Please mail the completed application and supporting documents to:

Pennsylvania Department of Revenue Office of Economic Development 1133 Strawberry Square Harrisburg PA 17128

For additional information on the Malt Beverage Tax Credit, contact Matt Forti at 717-772-3896 or mforti@pa.gov.

Section IX - Application

<u>Malt Beverage Tax Credit Program</u>		
PRIMARY BUSINESS REPRESENTATIVE		
Please provide an attachment to this page if the business has a secondary representative or additional representatives that may answer questions and discuss confidential tax matters in relation to the application.		
Name and Title:		
Company name:		
Phone:		
Fax:		
E-mail:		
Mailing Address:		
City:	State:	ZIP Code:
BUSINESS INFORMATION		
Entity Owner or Operator Name:		
Facility Address:		
City:	State:	ZIP Code:
TAX INFORMATION		
Entity Type:		
<u>Indicate how the entity reports to the Internal Revenue Service?</u>		
<input type="radio"/> C Corporation <input type="radio"/> S Corporation <input type="radio"/> Partnership <input type="radio"/> Limited Liability Company (LLC) <input type="radio"/> Limited Partnership (LP)		
<u>If LLC is selected, is the LLC a</u>		
<input type="radio"/> Partnership <input type="radio"/> C Corporation <input type="radio"/> S Corporation <input type="radio"/> Disregarded Entity (Corporate) LLC <input type="radio"/> Disregarded Entity (Sole Proprietorship) <input type="radio"/> Single-Owner LLC		

TAX INFORMATION

Federal Employer Identification Number:

PA Revenue ID:

PA Sales/Use Tax License Number:

PA Employer Withholding Account Number:

PA Corporate Tax Account Number:

Malt Beverage Account Number:

Unemployment Compensation Number:

NAICS Code:

BUSINESS QUESTIONNAIRE

1. Date of First Operations in Pennsylvania:

2. Number of Locations within Pennsylvania:

3. Total Number of Full-time Employees directly employed by the taxpayer in Pennsylvania:

4. Total Number of Part-time Employees directly employed by the taxpayer in the Commonwealth of Pennsylvania:

5. Total Pennsylvania Annual Production by Volume in Barrels:

6. Does the taxpayer hold any contracts for Production for other Brands and Manufacturers? Yes/NO

If the Yes, please specify the brands and manufacturers:

7. States of Distribution for Malt Beverage Products:

8. Market Segment Identification(check all that apply)

- Microbrewery: Annual production >15,000 barrels with 75% sales sold off-site.
- Brewpub: Restaurant-brewery with 25% or more sales on site.
- Contract Brewing Company: Brewery contracted for production of another brand.
- Regional Brewery: Annual production between 15,000 and 6,000,000 barrels.
- Large Brewery: Annual production over 6,000,000 barrels.

9. Pennsylvania Retail dollar sales for malt and brewed beverages:

SHAREHOLDER/PARTNER/MEMBER INFORMATION

Provide the information requested in the boxes below for the following entities: all shareholders, partners, members, etc., of an S corporation, partnership, LLC and all persons or business that will receive pass-through income from the business. If you need additional space, please attach a spreadsheet behind this page.

Name	SSN/EIN	Ownership %	Mailing Address, City, State and ZIP	Phone Number

TAX CREDIT DETERMINATION

Using the Qualified Expenditure Schedule, please provide the total amount of credit requested for this application. The schedule must be communicated to the Department of Revenue with submission of the application on a portable data storage device (compact disc or flash drive) with hyperlinked data to the schedule.

Total Cost of Qualified Capital Expenditures \$ _____	Total Credit Requested \$ _____
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STATEMENT OF AUTHENTICITY

Please provide the name of person completing the application.

Name:
Signature:
Date of Submission:
DEPARTMENT USE ONLY POST MARK DATE:

The Department of Revenue has the authority to perform an audit on the applicant upon submission of this application to verify that the statements and evidence within this application are accurate and acceptable under the program requirements and Pennsylvania tax law and regulations.