

## Recent Amendment to Pennsylvania's Tax Code Impacts Beer Manufacturers

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On June 28, 2019, Gov. Tom Wolf signed into law HB 262 ("Act 13"), which amends Pennsylvania's Tax Reform Code of 1971 to require breweries to pay a 6% sales tax on 25 percent of the retail sale of malt or brewed beverages to its consumer. The formula in Act 13 seeks to balance a sales tax assessment on beer manufacturers as if the tax were assessed on the wholesale price amount, similar to what retailers (e.g., bars, restaurants, and grocery stores) are now paying.

Act 13 was enacted, in part, to address a July 27, 2018 tax bulletin by the Pennsylvania Department of Revenue (DOR) that required Pennsylvania breweries to collect a 6% sales tax for every dollar of beer sold directly to consumers. Under the DOR tax bulletin, the tax rate on breweries would have been four or five times greater than the tax imposed on retailers (e.g., bars, restaurants, and grocery stores) who purchase beer from a distributor. The application of this tax was set to take effect on July 1, 2019, however, the state legislature acted before the DOR tax bulletin took effect.

Act 13 preserves taxes authorized by, among other statutes, the Second Class County Code. This means that breweries in Allegheny County will still be charged a 1% County sales tax and 7% County drink tax on top of the 6% state sales tax due to the DOR.

[Click here to see the text of the bill.](#)

Contact Daniel C. Conlon with questions or concerns about the effect of Act 13 on your business.