



Summary of Pennsylvania Taxes Applicable to Brewers

The proper payment of all taxes is essential for any business. Generally, Pennsylvania taxes applicable to manufacturers of malt or brewed beverages are not that different than those taxes applied to other businesses with the exception of the malt beverage tax. The following is a brief summary of the Pennsylvania taxes a manufacturer is likely subject to.

Generally, a brewery will be subject to the Pennsylvania Corporate Net Income Tax, the Sales and Use Tax, and the Malt Beverage Tax.

The Corporate Net Income Tax is levied at the rate of 9.99 percent on federal taxable income, without the federal net operating loss deduction and special deductions, and modified by certain additions and subtractions.

The Sales and Use Tax is imposed on the retail sale, consumption, rental or use of tangible personal property in Pennsylvania. The Pennsylvania Sales Tax rate is 6 percent. The Use tax, at the same rate as Sales Tax, is due on taxable purchases of tangible personal property or specified services used or consumed in Pennsylvania where no sales tax is paid to a vendor. For example, the purchase may have been made out-of-state.

The malt beverage tax is levied on malt or brewed beverages manufactured and sold for use in Pennsylvania, or manufactured outside of Pennsylvania but sold for importation and use in Pennsylvania. The tax is borne by the consumer, but manufacturers, distributors and importers remit the tax to the commonwealth.

The malt beverage tax rates are as follows:

- 1 barrel \$2.48
- 1/2 barrel \$1.24
- 50 liter \$1.06
- 12 gallon \$0.96
- 1/4 barrel \$0.62
- 1/6 barrel \$0.42
- 1/8 barrel \$0.32
- 160 ounce \$0.10
- 4 liter \$0.09
- 1 gallon \$0.08
- 2 liter \$0.05
- 40 ounce \$0.03
- 1 quart \$0.02
- 25 ounce \$0.02
- 1 pint \$0.01
- 1/2 pint \$0.0066

A manufacturer's taxes should be prepared by a qualified professional. Missing tax payments can result in significant penalties, fees and interest. Existing brewers should consider taxes in evaluating its financial performance and new brewers should consider taxes when projecting expected costs of their operations. For assistance with brewery taxes or any other liquor or business matters please contact Ted Zeller at tzeller@nmmlaw.com or Brian Slough at bslough@nmmlaw.com.