

## Do You as a Manufacturer of Malt Beverages Qualify for a Tax Credit?

PUBLISHED ON

**August 28, 2023**

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The Department of Revenue levies a Malt Beverage Tax 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. Should the manufacturer fail to pay the required Malt Beverage Tax, no malt or brewed beverages in possession or control of the manufacturer may be removed from the manufacturers licensed premises for sale in the Commonwealth, nor shipped in from outside the Commonwealth. Manufacturers, distributors and importers are responsible for remittance of the tax to the Commonwealth, but ultimately the tax is borne by the consumers.

A tax credit is available under the Malt Beverage Tax to taxpayers who are manufacturers of malt or brewed beverages, in an effort to offset the costs of Qualifying Capital Expenditures made by the taxpayer within a single calendar year. The tax credit is a non-refundable, non-transferable tax credit for utilization against all taxable malt and brewed beverages as reported on a manufacturers Revenue Tax Form 1052. Qualifying Capital Expenditures include the purchase of a plant, machinery, or equipment for use by the manufacturer within the Commonwealth in the manufacture and sale of malt or brewed beverages. The total amount of qualifying capital expenditures made by a manufacturer within a single calendar year may not exceed \$200,000.00.

The amount of tax credit is based on the equivalent cost of Qualifying Capital Expenditures in the effective year of the program. A manufacturer must, within one year of the date of original purchase of the Qualifying Capital Expenditure, report annually to the Secretary of Revenue the nature, amounts and dates of Qualifying Capital Expenditures. The manufacturer must also provide the number of employees, total production of malt or brewed beverages, and the amount of capital expenditures made by the manufacturer at each location operated by the manufacturer, or a parent corporation, subsidiary, joint venture or affiliate. Additionally, the manufacturer must report any contract for production held with another manufacturer. The Secretary of Revenue, upon approval, grants a tax credit or credits in the amount certified against any tax due under the Tax Reform Code in the calendar year in which the expenditures were incurred, or against any tax becoming due in the following three calendar years.

The total amount of tax credits granted under the Tax Reform Code for the Malt Beverage Tax may not exceed \$5,000,000.00 in any fiscal year. A manufacturer may apply for a Malt Beverage Tax Credit by submitting the application and supporting documentation to the Department of Revenue for the Qualified Capital Expenditures placed into service between January 1st and December 31st, or within one year of the date of the original purchase submitted prior to April 1st of the following calendar year.

If you have any questions about the Malt Beverage Tax Credit or would like to know if your business is eligible to apply, please reach out to [Charmaine Nyman](#), [Derek Dissinger](#), [Larry Heim](#) or any attorney in the [Barley Snyder Liquor Law practice](#).

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