



What dealers need to know.

The Philadelphia Beverage Tax is coming.

- Starting on January 1, 2017, the city will impose a 1.5-cents-per-ounce tax on the distribution of sweetened beverages, as well as syrups and concentrates used to make sweetened drinks.
- Payment of the tax will be the responsibility of distributors.
- Distributors are businesses or entities who sell wholesale to dealers (aka retailers), who in turn sell to consumers at the retail level. Dealers include but are not limited to restaurants, retail stores, street vendors, owners and operators of vending machines, and distributors who engage in retail sales.

What does this mean for me?

- As a dealer, you are required by the new Philly Bev Tax law to purchase sweetened beverages from a registered distributor.
- If you choose to purchase from a distributor who is not registered, you are required to register and pay the tax yourself, or face fines and penalties.
- Additional point-of-purchase materials that easily and conveniently explain the tax to your customers are included with this toolkit. You'll find the following:
 - o Tear-off fact sheets that explain the tax to your customers.
 - o Window clings and cash register/cooler door decals that alert customers of the tax and encourage them to get more information.

QUICK GUIDE

What do I need to do?

- Distributor registration begins in November 2016. Now is the time to start communicating with your current distributors or to find distributors who are now compliant or plan to be compliant with the tax (a list of compliant distributors will be available online at PhillyBevTax.com).
- You will need to notify your distributors that you are located in Philadelphia and that they will need to pay the Philly Bev Tax on the products they supply to you. Use your PA Sales Tax Exemption Certificate (or alternative form available at PhillyBevTax.com) as your notification.
- Keep track of your invoices. Once you have notified a registered distributor that you are located in Philadelphia, your invoice will show that your distributor has paid the tax. You may be asked to provide those invoices to the Department of Revenue in the future to prove you purchased from a registered distributor.

Visit PhillyBevTax.com to see a list of distributors who are registered.

Included in this kit you'll find the following in-store customer communication materials:

4 x 7 Decal • 5 x 4 Window Cling • 25-Sheet Tear Pad

Also available but not included are retail shelving danglers. If you wish to order more of any of these materials please visit PhillyBevTax.com.



What is the Philadelphia Beverage Tax?

- Starting on January 1, 2017, the city will impose a 1.5-cents-per-ounce tax on the distribution of sweetened beverages, as well as syrups and concentrates used to make sweetened drinks.

What is considered a sweetened beverage?

- Any nonalcoholic beverage, syrup, or other concentrate that is used to prepare a beverage and that lists any of the following as an ingredient:
 - Any form of caloric sugar-based sweetener, including but not limited to sucrose, glucose, and high-fructose corn syrup.
 - Any form of sugar substitute, including stevia, aspartame, sucralose, neotame, acesulfame potassium (Ace-K), saccharin, and advantame.

Examples:

- Soda (regular and diet)
- Non-100%-fruit drinks
- Sports drinks
- Sweetened waters
- Energy drinks
- Presweetened coffees and teas
- Nonalcoholic beverages intended to be mixed into alcoholic drinks

What isn't considered a sweetened beverage?

- Baby formulas
- Medical foods and beverages that meet the definition of a medical food
- Products that are more than 50% milk
- Any product that, by volume, is more than 50% fresh fruit or vegetables (or a combination of the two) at the time of retail sale, like smoothies
- Any syrup or concentrate that the purchaser can add or request the seller to add to the drink

SUMMARY OF REGULATIONS

Who needs to pay?

- Distributors of sweetened beverages pay the tax. A distributor is any person or entity that distributes sweetened beverages wholesale to a dealer.
- A dealer is any person who sells sweetened beverages at retail locations such as delis, restaurants, schools, and grocery stores. Legally, a dealer must purchase from a registered distributor. If they do not, they must register to pay the tax themselves—or face fines and penalties.

When does the tax go into effect?

- On January 1, 2017, distributors are subject to the tax, and dealers will be required to purchase from registered distributors.

Where will the money go?

- Philly Bev Tax revenue will be used to fund pre-K schooling, community schools, recreation centers, libraries, and parks. For more information on how you can benefit from these programs, please visit the city's website, phila.gov.

Additional detailed information on the Philly Bev Tax for distributors and dealers is available at the PhillyBevTax.com website.



The Philadelphia Beverage Tax is here.



You may have heard it called the soda tax. But it covers more than just soda. The Philly Bev Tax applies to the distribution of sweetened beverages in or into Philadelphia. Syrups and other concentrates will be taxed too. Starting on January 1, 2017, a 1.5-cents-per-ounce tax will be levied on the transfer from distributors to dealers of beverages made with natural sweeteners, as well as diet drinks made with noncaloric sweeteners like stevia and aspartame. Affected drinks include but are not limited to:

- Diet & regular sodas
- Sports drinks
- Sweetened water
- Energy drinks
- Presweetened coffees & teas
- Nonalcoholic cocktail mixers
- And more

Where will the money go?

Revenue from the tax will be used to fund pre-K schooling, community schools, recreation centers, libraries, and parks in areas of Philly that are in need of improvement. This will help drive down crime, improve our school system, and create jobs. The Philly Bev Tax benefits communities in need and will ultimately improve our city as a whole.

Visit PhillyBevTax.com for more information on the tax, what it means for you, and where the money will go.

