

**2020 Pennsylvania Winery Conference  
PA Revenue Roundtable  
Questions and Answers  
March 12, 2020**

**In general, wine sales are subject to sales tax.**

Pennsylvania’s Tax Reform Code of 1971 (“TRC”), as amended, imposes a tax of six percent (6%) of the purchase price on the sale at retail or use of tangible personal property or certain enumerated services within this Commonwealth. 72 P.S. § 7202(a). The term tangible personal property includes “spirituous or vinous liquor and malt or brewed beverages.” 72 P.S. § 7201(m)(1). The exclusion from tax for food and beverages for human consumption does not apply to the sale of malt and brewed beverages and spirituous and vinous liquors. 72 P.S. § 7204(29)(ii). However, the definition of the term “sale at retail” excludes the sale of liquor or malt or brewed beverages by a person holding a retail liquor license. 72 P.S. § 7201(k)(10).

**Exemption Certificate**

When the sales tax does not apply to the sale or lease of tangible personal property or services, the purchaser must provide the seller with a properly executed Pennsylvania Exemption Certificate (REV-1220). 72 P.S. § 7237(c); 61 Pa. Code § 32.2. The Pennsylvania Exemption Certificate [REV-1220](http://www.revenue.pa.gov) is available on the Department’s website [www.revenue.pa.gov](http://www.revenue.pa.gov). The seller must make sure that the Exemption Certificate is completed in its entirety. This includes the complete name and address of the seller and the purchaser. To claim a resale exemption, the Exemption Certificate should be completed by checking item three (3) and inserting the purchaser’s Revenue ID or Sales Tax Account number.

<p>REV-1220 (AS+) 05-17</p> <p><b>START</b></p>  <p><b>pennsylvania</b> DEPARTMENT OF REVENUE</p> <p>BUREAU OF BUSINESS TRUST FUND TAXES PO BOX 280901 HARRISBURG PA 17128-0901</p>	<p><b>PENNSYLVANIA EXEMPTION CERTIFICATE</b></p> <p><input checked="" type="checkbox"/> STATE AND LOCAL SALES AND USE TAX  <input type="checkbox"/> STATE 6% AND LOCAL 1% HOTEL OCCUPANCY TAX  <input type="checkbox"/> PUBLIC TRANSPORTATION ASSISTANCE TAXES AND FEES (PTA)  <input type="checkbox"/> VEHICLE RENTAL TAX (VRT)  <input type="checkbox"/> ADDITIONAL LOCAL, CITY, COUNTY HOTEL TAX *</p>	<p>This form cannot be used to obtain a Sales Tax Account ID, PTA Account ID or Exempt Status.</p> <p align="center"><b>(Please Print or Type) Read Instructions On Reverse Carefully</b></p>
<p><b>THIS FORM MAY BE PHOTOCOPIED – VOID UNLESS COMPLETE INFORMATION IS SUPPLIED</b></p>		
<p><b>CHECK ONE:</b>    <input type="checkbox"/> PENNSYLVANIA TAX UNIT EXEMPTION CERTIFICATE (USE FOR ONE TRANSACTION)  <input type="checkbox"/> PENNSYLVANIA TAX BLANKET EXEMPTION CERTIFICATE (USE FOR MULTIPLE TRANSACTIONS)</p>		
<p>Name of Seller, Vendor or Lessor _____</p>		
<p>Street _____ City _____ State _____ ZIP Code _____</p>		
<p><b>NOTE:</b> Do not use this form for claiming an exemption on the registration of a vehicle. To claim an exemption from tax for a motor vehicle, trailer, semi-trailer or tractor with the PA Department of Transportation, Bureau of Motor Vehicles, use one of the following forms:  FORM MV-1, Application for Certificate of Title (first-time registrations)  FORM MV-4ST, Vehicle Sales and Use Tax Return/Application for Registration (other registrations)</p>		
<p>Property and services purchased or leased using this certificate <b>are exempt</b> from tax because: (Select the appropriate paragraph from the back of this form, check the corresponding block below and insert information requested.)</p>		
<p><input type="checkbox"/> 1. Property or services will be used directly and predominately by purchaser in performing purchaser's operation of: _____</p>		
<p><input type="checkbox"/> 2. Purchaser is a/an: _____</p>		
<p><input checked="" type="checkbox"/> 3. Property will be resold under Account ID _____ (If purchaser does not have a PA Sales Tax Account ID, include a statement under Number 7 explaining why a number is not required.)</p>		
<p><input type="checkbox"/> 4. Purchaser is a/an: _____ holding Exemption Account ID _____</p>		
<p><input type="checkbox"/> 5. Property or services will be used directly and predominately by purchaser performing a public utility service.  <input type="checkbox"/> PA Public Utility Commission PUC Number _____ and/or <input type="checkbox"/> U.S. Department of Transportation MC/MX _____</p>		
<p><input type="checkbox"/> 6. Exempt wrapping supplies, Account ID _____ (If purchaser does not have a PA Sales Tax Account ID, include a statement under Number 7 explaining why a number is not required.)</p>		
<p><input type="checkbox"/> 7. Other _____  (Explain in detail. Additional space on reverse side.)</p>		

## Taking the Taxes Paid/Purchases Resold (TPPR) Credit

If you pay tax, and then resell the product (and collect tax on that sale) – you may claim a credit for the taxes you paid when you remit tax to DOR via e-TIDES. This is known as a Taxes Paid/Purchases Resold (TPPR) credit.

In the following example, the taxpayer originally paid \$5.00 in sales tax on taxable goods and is claiming this as a TPPR credit, reducing the tax being paid to the department.

**Sales, Use, and Hotel Occupancy Tax {PA-3}**

		Pennsylvania (6%)	Allegheny (1%)	Philadelphia (2%)
*1	Total Gross Sales, Rentals, Services	100.00	20.00	50.00
*2	Net Taxable Sales	100.00	20.00	50.00
3	Total Amount of Tax Due	6.00	0.20	1.00
4	Discount <i>The timely filing discount will be applied.</i>	0.06	0.00	0.01
5	Net Tax Due	5.94	0.20	0.99
*6	Use Tax Due <a href="#">What is Use Tax?</a>	0.00	0.00	0.00
*7	E 911 Fee Due <a href="#">What is e-911?</a>	0.00	0.00	0.00
8	E 911 Discount	0.00	0.00	0.00
9	E 911 Net Fee Due	0.00	0.00	0.00
10	Total Tax and Fee Due	5.94	0.20	0.99
*11	Credit <i>Do not enter Pre-payments.</i>	5.00	0.00	0.00
12	Amount Due	0.94	0.20	0.99
13	Previous e-TIDES Payments		\$ 0.00	
14	Other Payments <i>For calculation purposes only.</i>		\$ 0.00	
	Total Payment Due		\$ 2.13	

Enter credit (the amount of tax paid at the time of purchase) here →

Indicate credit as being TPPR Credit here →

Credits  
 TPPR Credit    Other Credits  

## Questions submitted by PWA

- 1) Is PA sales tax to be charged and collected for all wine sold within PA and sold out of state?

In state, yes.

Out of state, no.

- 2) Are wineries required to charge sales tax if they charge patrons to sample wines?

Yes.

- 3) In the past, wineries were told that sales tax did not need to be collected for samples to the public. Is there a recent change to revise this requirement?**

If there is no charge for samples, there is no tax to collect. If there is a charge for samples, tax must be collected. The Department is not aware of any changes to this requirement, but knows that there has been confusion on this topic.

- 4) Does the winery need to identify if tax is being charged?**

Yes, tax must be separately stated.

- 5) Are wineries required to charge sales tax if they sell wine by the glass to patrons?**

Yes.

- 6) Does the winery need to identify if tax is included in a price if they charge a round amount? (i.e., \$5 per glass of wine)?**

Yes. However, wineries may absorb the tax. See [Sales and Use Tax Bulletin 2019-03](#) for more details.

- 7) If a winery sells a wine cocktail featuring wine and PA spirits, does it need to be taxed? For example, if a cocktail is 2/3 spirits and 1/3 wine, is it subject to sales tax?**

Yes.

- 8) Are wineries required to charge sales tax if they sell entrance or tickets to a special tasting or event? (i.e., Jazz Brunch or Chili Cook off or vineyard tour)?**

Yes, a winery must charge sales tax on the entire price of a ticket if the sale of the ticket also includes the sale of taxable tangible personal property (like a Jazz Brunch or Chili Cook off which have food, or if wine is included). If the sale of the ticket does not include the sale of taxable tangible personal property (like a winery tour), then the winery does not need to charge sales tax.

- 9) If a winery is to charge tax for a brunch are they to charge taxes for the wine, food and entertainment together or just a portion of the event (for example, just the wine portion)?**

If the winery charges one price for the entire event, the tax must be computed on the total price. If the winery charges separately for a non-taxable item (i.e., a jazz concert) and for a taxable item (i.e., wine or prepared food), then tax is only computed on the taxable items.

- 10) Does a winery need to charge sales tax for a music event ticket, that does not include food or drink?**

No.

**11) Does sales tax need charged for a ticketed make -your-own-craft event? Such as painting wood, canvas, glasses, making flower arrangements, making soaps/jewelry/ceramics/etc. (food and drink not included).**

Yes, if the customer will be receiving taxable tangible personal property at the end of the event.

**12) Wineries selling wholesale wine to restaurants and/or those with WEP. Are wholesale wine sales subject to sales tax?**

A winery must charge sales tax on all sales to retail liquor license holders (R, H, etc.), this includes Wine Expanded Permit holders (WEPs). *See* 47 P.S. § 4-415(e)(1); *see also* 72 P.S. § 7201(i)(4) (excluding any sales of “liquor” or “malt or brewed beverages” by a person holding a “retail liquor license” within the meaning of the “Liquor Code” from the definition of “resale”). A WEP must charge tax on its sale of wine. *See* 47 P.S. § 4-415(e)(2). The WEP can claim a TPPR credit on their sales tax return for the amount of tax they paid on the original purchase from the winery. *See* 47 P.S. § 4-415(e)(3); *see also* 61 Pa. Code § 58.11 (relating to the TPPR credit).

A “wholesale” wine sale would not be subject to tax. However, this is a very limited field of customers. A winery selling to the PLCB would not charge sales tax.

A winery selling its product to a distillery or another winery must either:

- accept a properly completed Exemption Certificate; or
- charge sales tax.

If the selling winery accepts an exemption certificate, the form must comply with the requirements stated above. If the selling winery charges tax, then the purchaser may claim a TPPR credit when the purchaser resells the product and charges sales tax.

Please note that a winery selling its product to a brewery must charge sales tax. Act 13 of 2019 changed the Sales Tax as it applies to sales of malt or brewed beverages made by manufacturers of malt or brewed beverages directly to consumers for on or off premises consumption to a Use Tax on manufacturers for any malt or brewed beverages sold directly to the ultimate consumer for consumption on or off premises. For this reason, breweries do not charge sales tax when selling alcoholic products to their customers. [See Sales and Use Tax Bulletin 2019-02](#) for more details.

**13) If these sales are not subject to PA sales tax, does the PA blanket sales tax exemption form apply to this type of sale?**

Yes, see the answer to Question 12, above.

**14) For wineries selling bulk wine to other wineries, are these sales subject to sales tax? If no sales tax is required should the winery file a PA Sales Tax Exemption form.**

If the purchasing winery will incorporate the bulk wine into a product that it will then sell to the public and charge tax upon the sale, then the selling winery may accept a completed Exemption Certificate. If a properly completed Exemption Certificate is not provided to the selling winery, then the seller must charge tax and the purchasing winery may claim a TPPR credit when it resells the product.

**15) For wineries purchasing bulk wine from other wineries. Does sales tax get charged or use the PA Sales Tax Exemption form?**

See the answer to Question 14, above.

**16) Does being an agricultural entity have any bearing on being able to charge or not having to charge sales tax?**

No.

**17) Does a winery need to charge tax if they sell beer or spirits by the glass or for consumption on site?**

Yes. A winery may pay sales tax when purchasing from another winery, distillery, or brewery, then charge sales tax on its sale of the purchased product and claim a TPPR credit on their sales tax return for the amount of tax they paid on the original purchase from the manufacturer.

A winery may also provide the other winery, distillery, or brewery with a properly completed Exemption Certificate.

**18) A winery purchases PA made spirits and pays the PA sales tax from the spirit manufacturer. If your winery sells mixed drinks and/or shots at the winery can these drinks be sold without tax (like beer) since you are paying sales tax up front?**

No, see the answer to Question 17, above.

**19) Are PA wineries required to charge sales tax to WEPs who are purchasing wine to resell at their licensed location - such as a grocery store who is reselling the wine by the bottle?**

Yes, see the answer to Question 12, above.

**20) Wine excise tax: Does this include all wine shipped within PA and out of state?**

No, the wine excise tax only applies to wine shipped to residents of the Commonwealth. Act 39 of 2016 allows limited wineries to obtain a direct wine shipper (DWS) license so that they may ship wine directly to residents of the Commonwealth. 47 P.S. §§ 4-488, 5-505.2(2.1). Wine sold by a DWS licensee is subject to the Commonwealth's sales tax, the local sales tax (if delivered to a county subject to a local sales tax), and a wine excise tax of \$2.50 per gallon. See 47 P.S. § 4-488(d)(7), (j).