



Exempt Sales and Uses of Alcoholic Beverages

Introduction

Generally, you are responsible for paying New York's excise tax on alcoholic beverages (beer and similar fermented malt beverages, cider, wine, liquor, and all distilled or rectified spirits) when you sell or use these beverages within New York. This bulletin explains when sales and uses of alcoholic beverages are **not** taxable. For information on responsibility for paying the excise tax, see Tax Bulletin [Alcoholic Beverages Tax – Introduction and Definitions \(TB-AB-25\)](#).

Definitions

Alcoholic beverages include beer, wine, and liquor.

Sale means any transfer, exchange, or barter. In addition to cash and credit sales, a sale includes a transaction in which you give alcoholic beverages as samples, prizes, or gifts, or exchange them for any consideration other than money.

Sales of warehouse receipts given upon the storage of alcoholic beverages are not considered sales of those beverages.

Use is any compounding or mixing of alcoholic beverages with other ingredients (or other treatments) that renders them unfit or unsuitable for consumption as a beverage. *Use* also includes the actual consumption, or possession for consumption, of alcoholic beverages.

Exemptions

The following may make tax-exempt purchases or uses of alcoholic beverages in New York:	To qualify for the exemption:
The United States government or its agencies or instrumentalities (including voluntary unincorporated organizations of any branch of the armed forces of the United States that are operating places for the sale of goods).	Beverages must be exclusively used for governmental functions or sold to authorized purchasers. Sales made to any state (including New York State) and its political subdivisions are not exempt from the alcoholic beverages tax.
Diplomatic missions and diplomatic personnel.	Beverages must be for use and not for resale.
The United Nations.	Beverages must be for official use within United Nations facilities.

<p>The following may make tax-exempt purchases or uses of alcoholic beverages in New York:</p>	<p>To qualify for the exemption:</p>
<p>A church, synagogue, or religious organization.</p>	<p>Sales of wine at retail, in sealed containers, must be used only for sacramental use. The sales must be from a registered distributor in this state, and the purchaser must give the distributor a signed, written statement. This statement must include the organization's name, address, and declaration that it is a recognized church, synagogue, or religious organization, and that the wine purchased is solely for sacramental use.</p>

<p>The following sales by distributors of alcoholic beverages are exempt from the alcoholic beverages tax:</p>
<p>Sales made to other registered distributors of alcoholic beverages.</p>

<p>Sales by certain holders of State Liquor Authority (SLA) licenses and permits are exempt from the alcoholic beverages tax.</p>
<p>Holders of a class A alcohol distributor's permit may sell alcohol for non-beverage use exempt from tax to:</p> <ul style="list-style-type: none"> • a holder of an industrial alcohol permit; • a holder of an alcohol permit, and • a holder of an alcohol distributor's permit of any class.
<p>Holders of a class B alcohol distributor's permit may sell alcohol for non-beverage use exempt from tax to:</p> <ul style="list-style-type: none"> • a holder of an industrial alcohol permit; • a holder of an alcohol permit, and • a holder of a class C alcohol distributor's permit.
<p>Holders of a class C alcohol distributor's permit may sell alcohol for non-beverage use exempt from tax to a holder of an alcohol permit.</p>

<p>The use of alcoholic beverages by certain holders of SLA licenses and permits is exempt from the alcoholic beverages tax.</p>
<p>Holders of a class C alcohol distributor's permit may use alcohol exempt from tax in the manufacture of non-beverage products.</p>
<p>Holders of an industrial alcohol permit or holders of an alcohol permit may use alcohol exempt from tax for non-beverage purposes.</p>

Traveler's exemption	
When returning from your visit outside New York	To qualify for the exemption:
You may bring one quart (one liter, if not subject to U.S. import duties) of alcoholic beverages per month into New York State.	The traveler must have been outside the country for at least 48 hours.
Travelers arriving from American Samoa, Guam, or the U.S. Virgin Islands may bring up to one gallon (four liters, if not subject to U.S. import duties) of alcoholic beverages into New York State.	The alcoholic beverages cannot be offered for sale or used for any commercial purposes. Note: The 48-hour restriction does not apply to travelers arriving in New York State from elsewhere in the United States, or from the U.S. Virgins Islands, Canada, or Mexico.

Penalties

If you do not follow the alcoholic beverages tax laws, you may be subject to civil or criminal penalties. See Tax Bulletins [Penalty Information for Registered Distributors of Alcoholic Beverages \(TB-AB-695\)](#), and [Penalty Information for Individuals Who Are Not Registered Distributors of Alcoholic Beverages \(TB-AB-690\)](#).

Note: A Tax Bulletin is an informational document designed to provide general guidance in simplified language on a topic of interest to taxpayers. It is accurate as of the date issued. However, taxpayers should be aware that subsequent changes in the Tax Law or its interpretation may affect the accuracy of a Tax Bulletin.

References and other useful information
Tax Law: Sections 420, 424, 433, and 445
Regulations: Part 62
Bulletins: Penalty Information for Registered Distributors of Alcoholic Beverages (TB-AB-695) Penalty Information for Individuals Who Are Not Registered Distributors of Alcoholic Beverages (TB-AB-690) Alcoholic Beverages Tax – Introduction and Definitions (TB-AB-25)