Chicago Bottled Water Tax Guide

As of January 1, 2008 the City of Chicago has enacted the Chicago Bottled Water Tax. The tax rate is $0.05 per bottle of water. The definitions and tax imposed sections of this new ordinance read as follows:

"3-43-020 Definitions. 'Bottled water' means all water which is sealed in bottles offered for sale for human consumption. The term does not include any beverage defined as a 'soft drink' under Section 3-45-020 of the Chicago Soft Drink Tax Ordinance, Chapter 3-45 of this Code."

"3-43-030 Tax imposed. A tax is hereby imposed on the retail sale of bottled water in the City. This tax shall be paid by the purchaser, and nothing in this chapter shall be construed to impose a tax on the occupation of retail or wholesale bottled water dealer. The tax shall be levied at the rate of $0.05 per bottle."

This guide is intended to help identify the types of bottled water that are taxable for the Chicago Bottled Water Tax.

**Taxable Products**

1. In general, all brands of non-carbonated bottled water intended for human consumption.

**Non-Taxable Examples**

1. Any beverage that qualifies as a "Soft Drink" per the Chicago Soft Drink Tax ordinance.
2. Pedialyte
3. Gatorade
4. Vitamin Water
5. SoBe Life Water
6. Propel Fitness Water
7. Water Joe
8. Perrier, Seltzer Water, Club Soda or Tonic Water
9. Mineral water (as defined by the FDA)
10. Distilled water
11. Other products similar to those listed above due to carbonation and/or other features such as flavoring, vitamins, caffeine, or nutritional additives.
12. Water provided by home or business water delivery services, where the water is delivered in a reusable container that is not sold with the water.

The list above is not considered all inclusive. Should there be a category of water product or specific water product that is not on the list and for which the examples above do not assist you in determining taxability, please contact the Chicago Department of Finance at (312)747-4747 or by e-mail at taxpolicy@cityofchicago.org.
## Bottled Water Tax (1904, 1904IN)

**Bottled Water Tax**

- **Municipal Code Reference:** 3-43
- **CAPS Code Reference:** 1002920051904
- **Tax Return Form Code:** Form 1904
- **Tax Base:** $0.05 for each bottle of water sold at retail
- **Exemptions, Deductions and Credits:**
  - The Bottled Water Tax does not apply to sales of bottled water to passengers on an interstate carrier.
- **Guides:**
  - Guide for Bottled Water Purchases Made with SNAP or LINK (/content/dam/city/depts/rev/supp_info/TaxSupportingInformation/GuideforBottledWaterPurchasesMadeWithSNAPorLINK.pdf)

### Supporting Information Facts

**Department:**

- Finance (/content/city/en/depts/fin.html)
Revised Guide for Bottled Water Purchases
Made With SNAP (Food Stamps)

This notice addresses the purchase of bottled water with SNAP (Food Stamps) or a LINK card. The following procedures should be followed for such purchases:

1) Retailers who separately state the bottled water tax on their cash register receipts should program their registers to not charge the tax for those transactions involving purchases with SNAP (Food Stamps) or a LINK card. If this is not possible, then some other procedure (such as a manual override) must be put in place by the retail establishment so that the customer is not charged the tax.

2) If a retailer programs their cash registers to not separately state the tax but instead displays the price of the bottled water and tax on the bottled water as one price, the cash register should be programmed to reduce the total cost by the $.05 per bottle of water purchases when a determination is made that the transaction is to be paid for with SNAP (Food Stamps) or a LINK card. If this is not possible, then some other procedure (such as a manual override) must be put in place by the retail establishment so that the customer is not charged the tax.

In both situations mentioned above, the retailer would take a credit for such tax exempt purchases on the next bills received from their wholesalers. The wholesaler in turn would claim a credit for the tax amount refunded to their retailers on the next monthly coupon payment and then reflect the total amount of these deductions claimed throughout the year on line 2b of the tax return worksheet (labeled as “other deductions”) on the Bottled Water Tax return. The retailer and wholesaler must keep records of all these transactions.

If you have questions on this new tax or need assistance, please contact our Customer Service unit at (312) 747-4747.
Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

JULY 2017

Bottled water subject to sales tax

Sales of bottled water are subject to sales or use tax effective August 1, 2017.

What is bottled water?

Bottled water is water sold in a safety-sealed container or package and that is calorie free and does not contain sweeteners.

Bottled water includes water that is delivered to the buyer in a reusable, safety-sealed container.

Bottled water does not include ice or water that is dispensed from a self-service dispenser.

For other beverages, see our Special Notice: How to tax soft drinks and other beverages.

SNAP (food stamp) program

Sellers do not need to collect sales tax if a buyer is purchasing bottled water under the Supplemental Nutrition Assistance Program (SNAP), formerly known as the food stamp program.

Bottled water sold at stores

Sellers of bottled water must collect sales tax except when the bottled water is purchased under the SNAP (food stamp) program.

Bottled water delivery service

There are two sales tax exemptions that could apply when bottled water is delivered:

• No source of potable water
  If a person does not have water safe for human consumption, they are eligible for an exemption from the sales tax.

• Prescription for bottled water
  Sales tax is not due on sales of bottled water when the buyer has a prescription for bottled water.

In the above two exemptions, the seller can accept from the buyer either a Buyer's Retail Sales Tax Exemption Certificate or a Streamlined Sales Tax (SST) Exemption Certificate to document the exempt transaction. Sellers should report these exemptions on their tax returns by taking a deduction on the Retail Sales Tax line of the return, using the “Other” deduction and noting it is for “exempt bottled water.”
Buyer refunds

Although buyers are required to pay sales tax on bottled water purchased at stores (except SNAP purchases), they can qualify for a refund of sales tax if they have:

- No source of potable water
- A prescription for bottled water

Buyers may request a refund from the Department of Revenue if:

- The total amount of sales tax paid for exempt bottled water is at least $25 (this may include separate purchases).
- They provide copies of receipts that show the sales tax paid.
- They submit the refund request within four years of the end of the year in which the tax was paid.

See Bottled water - Requesting a sales tax refund for exempt purchases on our website.

Questions?

Call 1-800-647-7706 or send an email to dorcommunications@dor.wa.gov
State Beverage Container Deposit Laws

Beverage container deposit laws, or bottle bills, are designed to reduce litter and capture bottles, cans, and other containers for recycling. Ten states and Guam have a deposit-refund system for beverage containers. The chart below contains a citation and summary of each state law. Deposit amounts vary from two cents to 15 cents, depending on the type of beverage and volume of the container.

How Do Bottle Bills Work?

When a retailer buys beverages from a distributor, a deposit is paid to the distributor for each container purchased. The consumer pays the deposit to the retailer when buying the beverage, and receives a refund when the empty container is returned to a supermarket or other redemption center. The distributor then reimburses the retailer or redemption center the deposit amount for each container, plus an additional handling fee in most states. Unredeemed deposits are either returned to the state, retained by distributors, or used for program administration.

Please see the Energy and Environment Legislation Tracking Database for more information.

### STATE CONTAINER DEPOSIT LAWS

<table>
<thead>
<tr>
<th>State</th>
<th>Statute</th>
<th>Year</th>
<th>Deposit Amount</th>
<th>Beverages Covered</th>
<th>Containers Covered</th>
<th>Unredeemed Deposits</th>
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</thead>
<tbody>
<tr>
<td>Califonia</td>
<td>Cal. Public Resources Code §§14501-14599</td>
<td>1986</td>
<td>5¢ (&lt;24 oz.)</td>
<td>Beer, malt, wine and distilled spirit coolers; all non-alcoholic beverages, except milk. Excludes vegetable juices over 16 oz.</td>
<td>Any container composed of aluminum, glass, plastic, or bi-metal; Exempts refillables</td>
<td>Property of program; Used for program administration</td>
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<td>Connecticut</td>
<td>Conn. Gen. Stat. §§22a-243 - 22a-248</td>
<td>1978</td>
<td>5¢</td>
<td>Beer, malt, carbonated soft drinks, bottled water</td>
<td>Any sealed bottle, can, jar, or carton composed of glass, metal or plastic; Excludes containers over three liters containing non-carbonated beverages, and HDPE containers</td>
<td>Returned to the state</td>
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<tr>
<td>Hawaii</td>
<td>Hawaii Rev. Stat. §§342G-101 - 342G-122</td>
<td>2002</td>
<td>5¢</td>
<td>Beer, malt, mixed spirits and wine; all</td>
<td>Any container up to 68 oz. composed of</td>
<td>Property of state; Used for program administration</td>
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<tr>
<td>State</td>
<td>Statute</td>
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<td>Iowa</td>
<td>Iowa Code §455C.1 - 455C.17</td>
<td>1978</td>
<td>5¢ Beer, wine coolers, wine, liquor, carbonated soft drinks, mineral water</td>
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<tr>
<td>Oregon</td>
<td>Or. Rev. Stat. §§459A.700 - 459A.740</td>
<td>1971</td>
<td>10¢ Beer, malt, carbonated soft drinks, bottled water (will cover all beverages except wine, distilled liquor, milk, milk substitutes and</td>
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