

# Sugary Drinks Tax FAQs

## What is the Sugary Drinks Tax?

The Sugary Drinks Tax (“Tax”) is a City general excise tax adopted by the voters in November 2016 on the distribution of sugar-sweetened beverage products in the City and County of San Francisco. A sugar-sweetened beverage is defined as any nonalcoholic beverage intended for human consumption that contains added caloric sweetener and contains more than 25 calories per 12 fluid ounces of beverage, including but not limited to all drinks and beverages commonly referred to as soda, pop, cola, soft drinks, sports drinks, energy drinks, sweetened ice teas, or any other similar names. The Tax also applies to syrups and powders that can be made into sugar-sweetened beverages, for example, fountain drinks from beverage-dispensing machines.

## Are there any exemptions to the Tax?

A sugar-sweetened beverage does not include any beverage sold for consumption by infants, which is commonly referred to as infant formula or baby formula, or any product whose purpose is infant rehydration; any beverage for medical use; any beverage designed as supplemental, meal replacement, or sole-source nutrition that includes proteins, carbohydrates, and multiple vitamins and minerals (this exclusion does not include beverages commonly referred to as sports drinks, or any other similar names, which are defined as sugar-sweetened beverages); any milk product; and any beverage that contains solely 100% natural fruit juice, natural vegetable juice, or combined natural fruit juice or natural vegetable juice.

## Who is responsible for paying the Tax?

Distributors of sugar-sweetened beverages, syrups, and powders that make the first distribution of those products in San Francisco are responsible for paying the Tax. Distributors include businesses, other than common carriers, that (1) transfer sugar-sweetened beverages, syrups, or powders in the City for consideration or any commercial purpose; or (2) possess, store, own, or control sugar-sweetened beverages, syrups, or powders in the City for resale in the ordinary course of business that they obtained by taking possession of the product outside the City or from a common carrier inside the City. This includes retailers who obtain the beverages, syrups, or powders outside the City and bring them into the City themselves (known as “self-distributors”). Distribution excludes the retail sale to a consumer.

## **The Tax applies to sugar-sweetened syrups and powders. Does it matter how the syrups and powders will be used?**

The Tax is on the initial distribution of syrups and powders in the City, if the syrups and powders meet the definitions of those terms in Section 552 of the Business and Tax Regulations Code. The amount of the tax is calculated under Section 553(b)(2), and is generally based on the largest volume of sugar-sweetened beverage that would typically be produced by the amount of syrup or powder based on the manufacturer's instructions or, if the distributor uses the syrup or powder to produce a sugar-sweetened beverage, the regular practice of the distributor.

## **I am a retailer. Do I have any obligations under the Tax?**

Retailers are not required to pay the Tax as long as they do not obtain any sugar-sweetened beverages, syrups, or powders by taking possession of the product outside San Francisco (e.g., purchasing the beverages in Daly City and bringing them into San Francisco in your own vehicle) or from a common carrier inside San Francisco.

## **What is the Tax rate?**

The Tax rate is:

- (a) One cent per fluid ounce of a bottled sugar-sweetened beverage; and
- (b) One cent per fluid ounce of a sugar-sweetened beverage that could be produced from syrup or powder. The Tax for syrups and powders is calculated using the largest volume of sugar-sweetened beverage that would typically be produced by the amount of syrup or powder based on the manufacturer's instructions or, if the distributor uses the syrup or powder to produce a sugar-sweetened beverage, the regular practice of the distributor. For example, if one ounce of syrup produces 8 ounces of a sugar-sweetened beverage, the Tax would be \$0.08 per ounce of syrup.

## **When does the Tax go into effect?**

The Tax will take effect on January 1, 2018.

## How often will I need to file and pay? When is my Tax filing and payment due?

You will be required to file and pay on a quarterly basis:

<b>Quarter</b>	<b>Filing period</b>	<b>Due Date</b>
First Quarter	January 1 - March 31	April 30
Second Quarter	April 1 - June 30	July 31
Third Quarter	July 1 - September 30	October 31
Fourth Quarter	October 1 - December 31	January 31

Note: If the last day of the month falls on a weekend or holiday, the due date is the next business day.

## What happens if I file and/or pay late?

Failure to file and pay will result in penalties, interest, fees and other enforcement actions.

## How can I get a copy of the Sugary Drink Tax return?

The Sugary Drinks Tax return will be available on our website early 2018. Please check back.

## How can I register my business with the City and County of San Francisco?

In order for you to file and pay the sugary drinks tax, your business must be registered. Go to: <http://sftreasurer.org/registration> to register your business.

## My business is already registered with the City and County of San Francisco. How do I notify you that I am a distributor and will be paying the Sugary Drinks Tax?

Go to the link: [Sugary Drinks Tax Distributor Declaration](#)

## Where can I find a complete copy of the Ordinance?

The legislation can be found in Article 8 of the San Francisco Business & Tax Regulations Code:

- Go to [www.sftreasurer.org/btrcode](http://www.sftreasurer.org/btrcode)
- Click on “San Francisco Business and Tax Regulations Code”
- Click on Article 8, “Sugary Drinks Distributor Tax Ordinance”

You can also paste the direct link into your browser:

[http://library.amlegal.com/nxt/gateway.dll?f=templates&fn=default.htm&vid=amlegal:sanfrancisco\\_ca](http://library.amlegal.com/nxt/gateway.dll?f=templates&fn=default.htm&vid=amlegal:sanfrancisco_ca)

## Need further assistance?

Submit your question by clicking on the link below. A Representative will contact you on the SAME DAY of the request if submitted prior to 7pm. Requests received after 7pm will receive a response by the next business day.

<http://sftreasurer.org/contact-us>