

**Illinois Department of Revenue
Regulations**

Title 86 Part 420 Section 420.40 Non-Beverage Alcoholic Preparations and Compounds

TITLE 86: REVENUE

**PART 420
ALCOHOLIC LIQUOR ACT**

Section 420.40 Non-Beverage Alcoholic Preparations and Compounds

- a) Manufacturers who hold non-beverage user's licenses under the Act are not required to pay any gallonage tax when they sell any of the following products which contain alcoholic liquor but which are unfit for beverage purposes: Patent and proprietary medicines; medicinal, antiseptic, culinary and toilet preparations; flavoring extracts, syrups and food products; scientific, industrial and chemical products.

- b) Manufacturers or importing distributors selling alcoholic liquor to licensed non-beverage users for use in the manufacture of such products, or for scientific, chemical, experimental or mechanical purposes, are not liable for the gallonage tax on such sales. The words "non-beverage user" include laboratories, hospitals and sanatoria using alcohol for non-beverage purposes.

- c) Bitters:
 - 1) Bitters not capable of being consumed as a beverage in their original condition as sold are considered to be non-beverage alcoholic preparations and may be sold without payment of gallonage tax thereon.

 - 2) In general, the Department will regard exclusion of any bitters from Federal liquor tax by ruling of the United States Department of Treasury as prima facie evidence that such bitters are not capable of being consumed as a beverage, and therefore do not carry a liability for State of Illinois tax.

- d) Malt Tonics

Malt tonics, unless medicated, are deemed to be alcoholic liquors, and tax must be paid by manufacturers and importing distributors with respect to the sale or use thereof to the same extent as any other alcoholic liquor.

(Source: Amended at ___ Ill. Reg. ____, effective _____)