



Revised Chicago Bottled Water Tax Guide **September 23, 2019**

Effective January 1, 2008 the City of Chicago enacted the Chicago Bottled Water Tax ("Tax"). The definitions and tax imposed sections of the 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. ... 'Bottle' means any closed container which is labeled by a manufacturer of bottled water and used to contain or convey bottled water.'*

"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 revised guide is intended to help identify the types of products that are subject to the Tax.

Taxable Products

In general, all types of bottled water intended for human consumption are taxable, including

1. Water that comes from a community water system or municipal source
2. Alkaline water or other water with a purported "higher" or "balanced" pH
3. Spring water, as defined by the U.S. Food and Drug Administration (FDA) at 21 C.F.R. § 165.110(vi)
4. Artesian water and artesian well water, as defined by the FDA at 21 C.F.R. § 165.110(i)
5. Water that states or implies through text or images that it is for feeding infants

unless the bottled water clearly qualifies as of one of the non-taxable products listed below.

Non-Taxable Products

1. Any beverage that qualifies as a "Soft Drink" per the Chicago Soft Drink Tax ordinance
2. Carbonated water products, such as sparkling water, seltzer water, tonic water, and club soda
3. Water products containing natural or artificial flavors, as defined by the FDA at 21 C.F.R. § 101.22. This exclusion does not include water to which only electrolytes or minerals have been added to improve taste.
4. Caffeinated water products
5. Water products containing vitamins or nutritional additives that must be listed on a nutrition label per the requirements of the FDA set forth at 21 C.F.R. Chapter 1, Subchapter B, Part 101
6. Mineral water, as defined by the FDA at 21 C.F.R. § 165.110(a)(2)(iii)
7. Distilled water, as defined by the FDA at 21 C.F.R. § 165.110(a)(2)(iv). This exclusion does not include water that has been distilled and re-mineralized to improve taste.
8. Sterile water, as defined by the FDA at 21 C.F.R. § 165.110(a)(2)(vii)
9. 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

Taxability is based on a product's contents, not label terminology that is not regulated by the FDA (*e.g.*, "sports water") or health benefits that are not recognized by the FDA (*e.g.*, "more effective at hydration"). The lists above are not meant to be all-inclusive, and should there be a category of water product that is not on the lists and for which the examples above do not sufficiently assist you in determining taxability, please contact the Chicago Department of Finance at (312) 747-4747.