

STATE TAX RATE CHANGE ON FOOD

Notice #13-05

Sales and Use Tax

June 2013



- *State tax rate on food and food ingredients is reduced from 5.25% to 5%*

INTRODUCTION

This notice provides information concerning the passage of Public Chapter 323 (2013), which provides for a reduction in the state sales and use tax rate on sales of food and food ingredients.

Effective July 1, 2013, the state sales and use tax rate on sales of food and food ingredients is reduced from 5.25% to 5%. The applicable local tax rate also applies to these sales.

DISCUSSION

Effective July 1, 2013, food and food ingredients are subject to a reduced state sale and use tax rate of 5%, plus the applicable local tax rate. Prepared food, dietary supplements, candy, alcoholic beverages and tobacco continue to be subject to the general state sales and use tax rate of 7%, plus the applicable local tax rate.

“Food and food ingredients” means substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are consumed for their taste or nutritional value. Food and food ingredients does not include alcoholic beverages, tobacco, candy, dietary supplements or prepared food.

**References:**

PC 323 (2013)
T.C.A. § 67-6-102(36)
T.C.A. § 67-6-228

The information provided here is current as of the date of publication, but may change as a result of new statutes, regulations, or court decisions. While this notice is intended to be comprehensive, events and situations unanticipated by this notice may occur. In such cases you should contact the department or your tax professional for further guidance.