

Sales Tax on Food and Food Ingredients

Reduced 4% State Tax Rate Applies to Food and Food Ingredients Sales

As of July 1, 2017, food and food ingredients are subject to a reduced sales and use tax rate of 4%, plus the applicable local tax rate. Previously, the state sales tax rate on food and food ingredients was 5%.

Food and Food Ingredients Defined

Food and food ingredients are defined as liquid, concentrated, solid, frozen, dried, or dehydrated substances that are sold to be ingested or chewed by humans and are consumed for their taste or nutritional value.

Meal substitutes are considered food or food ingredients. They can be identified by a “nutrition facts” box found on the label. Examples of meal substitutes include, but are not limited to, unsweetened breakfast bars or those containing flour, unsweetened dried fruit snacks, drinks such as Ensure or Boost, pop tarts, and soup mixes.

The definition of food and food ingredients does not include alcoholic beverages, tobacco, candy, dietary supplements, and prepared food (i.e., food that the seller prepares by mixing two or more food ingredients, heating foods, or selling the food with eating utensils). These substances are taxed at the general state sales tax rate of 7%. For more information about these items, see important notices [17-21 Prepared Food](#), [17-22 Candy](#) and [17-23 Dietary Supplements](#).

Examples of Food and Food Ingredients

The following are examples of items that qualify as food or food ingredients if the seller does not prepare them:

- baby food
- baking powder
- baking soda
- beverage powders (other than dietary supplements)
- biscuit mix
- bottled water (carbonated, flavored, sweetened or unsweetened)
- bouillon cubes
- bread
- butter
- cake mixes
- cakes
- canned foods
- cereal
- cheese
- chip dip
- chips (potato, corn, etc.)
- chocolate (unsweetened)
- cocoa (powdered)
- coffee
- condiments (e.g., ketchup, mustard, mayonnaise)
- cookies
- cooking oil
- dairy products
- eggs
- fish and meats
- flavoring extracts
- flour
- food colorings
- frostings

- frozen meals
- fruit (fresh or unsweetened dried)
- fruit juices
- gelatin
- granola and breakfast bars containing flour
- gravies and sauces (mixes or extracts)
- herbs and spices
- honey
- ice (e.g., cubes, crushed)
- ice cream
- jams and jellies
- luncheon meats
- margarine
- marinated raw meats
- meat extracts
- meat tenderizers
- nuts (unsweetened or salted)
- olives
- pasta
- pastries
- peanut butter
- pepper
- pickles
- pies
- popcorn
- popsicles
- poultry
- pretzels
- pumpkins
- raisins

- raw eggs, fish, & meats requiring cooking
- relishes
- salad dressing and mixes
- salad oil
- salt (granular)
- seasonings
- sherbet
- shortening
- soft drinks
- sugar and sugar substitutes
- sweeteners
- tea (bags, leaves, bottled)
- trail mix
- vegetable juices
- vegetables (fresh, frozen, dried, etc.)
- vinegar
- yeast
- yogurt

For More Information

Visit www.tn.gov/revenue. Click on Revenue Help to search for answers or to submit an information request to one of our agents.

References

Tenn. Code Ann. § 67-6-102; Tenn. Code Ann. § 67-6-228