

Meal and food sales

The sale of food can be tax-exempt or taxable, depending on:

- The type of food,
- The circumstances under which the food is sold, and
- Who makes the sale.

However, the source of the food does not affect how tax applies—the same rules apply whether the food is purchased, donated to you, or homemade.

Sales of food “to go”

The information in this section does not apply to your organization’s sales of food in places where admission is charged or where “dining facilities” are provided for your customers. (Dining facilities include tables, chairs, benches, counters, plates and glasses, and so forth.) For information on those types of sales, see Sales of food for consumption on-site.

Sales of food “to go”

<i>Type of food</i>	<i>Is sale usually taxable?</i>	<i>See</i>
Cold food (candy, snack food, produce, etc.)	No. <i>Exception:</i> Tax applies to the sale of cold food when it is part of a hot food combination package.	Combination packages
Cold beverages	No. <i>Exception:</i> Tax applies to the sale of alcoholic, carbonated beverages and cold beverages sold in hot food combination packages.	Combination packages
Hot prepared food	Yes. <i>Exception:</i> Tax does not apply to sales of individual hot drinks or bakery goods sold for a	Hot prepared foods
Combination packages	Yes. Application of tax depends on contents of package.	Combination packages

Cold food products

Sales of “cold food products” such as produce, candy, cold sandwiches, baked goods, ice cream, and snack foods are generally not taxable (for exceptions see “Combination packages”). However, certain vending machine sales of candy and other food products are partially taxable.

Cold beverages

Sales of alcoholic beverages and carbonated beverages—including carbonated bottled water—are taxable. “To go” sales of noncarbonated and non-effervescent bottled water and juice are not taxable.

Hot prepared foods and beverages

Sales of “hot prepared food products” are taxable. This includes food products, items, components, or beverages heated for sale and sold at any temperature higher than the air temperature of their sales location. Examples include hot pizza, hot nuts, hot barbecued chicken, hot sandwiches, and hot soup. Sales of food prepared to be served hot are taxable even if the food has cooled by the time it is served. Hot bakery goods, hot coffee, and other hot beverages are considered hot prepared food products. However, the sale of individual hot bakery items or drinks “to go” for a separate price is tax-exempt unless the items are sold through a vending machine for more than 15 cents or as part of a combination package.

Combination packages

Combination packages are two or more items sold together for one price. The application of tax will vary depending on the type of combination package sold.

<i>Contents of combination packages</i>	<i>How tax applies</i>
A. A hot prepared food item or hot drink and any other food item. <i>Examples:</i> Hot coffee and a pastry; hot sandwich and a cold drink.	Full price is taxable.
B. All cold food	Not taxable.
C. Carbonated or alcoholic drink and at least one cold food item. <i>Example:</i> Cold sandwich, chips, a cookie, and a carbonated drink.	The portion of the selling price that represents the charge for the carbonated or alcoholic drink is taxable.

Sales of food for consumption on-site

Sales of food for consumption at certain events and locations are generally taxable, even if the sale of the same food product would be tax exempt when sold “to go.” This section explains how tax applies to the sale of food intended to be eaten on-site.

Sales of food for consumption on-site		
<i>Type of sale, location</i>	<i>Is sale usually taxable?</i>	<i>See</i>
Food sold where admission is charged	Yes. <i>Exception:</i> Food sold in a form or size that buyers would not ordinarily eat on-site. For example, the sale of a whole pie.	Sales of food for consumption on-site
Food sold where dining facilities are provided	Yes. <i>Exception:</i> Food sold in a form or size that buyers would not ordinarily eat on-site. For example, the sale of a whole pie.	Where dining facilities are provided
Meals served at fundraising events	Yes.	Meals served at fundraising events

Where admission is charged

Sales of food, meals, or beverages are generally taxable when the food product is sold ready to eat within a place where admission is charged, such as a concert, a play, a football game, or a similar location. Example: If you sell juice and sandwiches at an event where spectators have paid \$5 for admission, your food sales are taxable. However, sales of food products that would not ordinarily be eaten on the premises—such as jars of pickles, whole cakes or pies, or a canned ham—are not taxable.

Special considerations for ticket pricing

Special events sponsored by your organization may include both taxable and nontaxable activities. Consequently, your organization should be especially careful when providing food, drinks, prizes, admission to entertainment, and so forth, for a single amount designated as a donation. Generally, if you charge a single donation for a fundraising event involving taxable sales, the entire ticket charge will be taxable unless you do both of the following:

- List the taxable charges separately on the event tickets.
- Keep separate records of taxable and nontaxable charges.

Example: You hold a fundraising dinner, where the \$75 ticket price includes dinner and drinks (that are taxable) and entertainment (that is not taxable). If your tickets list only one price, that full amount is taxable. However, if the tickets state “Ticket price includes \$35 for dinner and drinks”, tax would apply only to the \$35 charge for dinner and drinks.

Refreshments served at event but not mentioned on the event tickets

If your tickets do not mention refreshments, and you serve only an insignificant amount of food or drink at your event, your ticket sales are not taxable. For example, if you hold a Meet-the-Candidates Night and serve only coffee and tea, tax would not apply to your income from ticket sales.

Where dining facilities are provided

Sales of food, meals or beverages are generally taxable when sold ready to eat at a location where your organization provides any of the following:

- Tables, chairs, or counters for dining.
- Trays, glasses, dishes, or other tableware for your customers' use.

Example: Your organization sells ice cream sundaes at a free community fair where tables and chairs are available for use by your customers. Your sales are taxable. However, if you sell food products that would not ordinarily be eaten on-site— such as jars of jam, whole pies, or packages of cookie dough—those sales are not taxable.

When your organization serves the meals

Tax generally applies to charges for drinks, food, and meals included in the ticket price of fundraising dinners or special events. The business or organization that serves the meals at a fundraising event is responsible for reporting the taxable sales and paying the tax due. If your organization serves the meals at your event, you are liable for the tax. This is true whether the meals are furnished by members of your organization, purchased or donated to you. Tax is due based on the ticket price for the meal.

When another business or organization serves the meals

If your organization contracts with someone else to serve the meals at your event, you generally are not responsible for paying tax on your ticket sales. Instead, the business that serves the meals must report the sale of the meals and pay the tax due, based on the amount they charge you.

For example, your organization might contract with a hotel to provide and serve meals for a certain price. The food server would be liable for the sales tax, based on the amount the server charged you for the meals.

Example: Your organization holds a fundraising dinner at the ballroom of a hotel, with ticket prices of \$100 each that covers a meal, drinks, and entertainment. You contract with the hotel to provide and serve the meals and drinks for \$25 per person. Since the hotel serves the meals, it must pay sales tax based on the amount it charges you for the meals and drinks (\$25 each). Your organization does not owe tax on your ticket sales.