



BULLETIN

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Ready-to-Eat Food

Flour, sugar, bread, milk, eggs, fruits, vegetables and similar groceries are not taxable. Candy, soft drinks, and gum are taxable.

Food is also taxable when served in restaurants and similar places of business. Listed below are some guidelines to help you determine when food is taxable and when it's not.

These items are taxable:

- prepared food sold with eating utensils;
- food kept hot (ready to eat), such as barbecued chicken (whether whole or pieces), chili and soups;
- ready-to-eat sandwiches (but not frozen sandwiches);
- all ice cream sundries, unless sold prepackaged in boxes;
- all soft drinks (including powdered drink mixes), diluted juices (50 percent or less vegetable or fruit juice), beer and wine;
- tea, coffee and juices sold in restaurants, lunch counters, cafeterias, vending machines and hotels, or sold ready for immediate consumption from pushcarts, cars and trucks, or any other vehicle;
- individual-sized portions (including super-sized servings) or packages of food such as chips and peanuts when they are sold from a lunch counter or snack bar; and
- ice.

Retailers who mix two or more food ingredients on the premises to sell by weight or volume (for example,

salad) as a single item must collect sales tax unless the product is typically reheated prior to eating (e.g., macaroni and cheese).

This rule does not apply to bakery items and foods that are only cut, repackaged or pasteurized.

A business that provides eating facilities, such as tables and chairs or booths, must collect tax on food sold ready to eat.



Bakery products are not taxable unless sold with plates or eating utensils. Bakery products include refrigerated pies, cakes, tarts and cookies but do not include entrees that are "baked."

A juice drink (e.g., orange juice, grapefruit juice, tomato juice) that contains more than 50 percent fruit or vegetable juice by volume is not taxable unless sold ready for immediate consumption. "Ready for immediate consumption" means, for example, served in a cup or with a straw. A store that has eating facilities such as tables

and chairs must collect tax on sales of individual-sized bottles or cartons even if they contain more than 50 percent fruit or vegetable juice.

Convenience stores and grocery stores that don't have eating facilities should not collect tax on chips, cookies, crackers, peanuts and similar snack foods even when sold in individual-sized containers. Items purchased with the Lone Star Card are exempt from sales tax.

Water is not taxable unless it is flavored.

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