

# What is Taxable at Grocery and Convenience Stores

January 2001

## **Fast Food**

In addition to the items listed on the back, you must collect tax on:

- | all food kept hot, such as barbecued beef, chicken, chili, or soups; and
- | all individual-sized portions of food sold with utensils, such as plates, knives, forks, or spoons.

If your store has a bakery, coffee shop, or deli with a place to sit and eat, then collect tax in the "restaurant" on the meals or snacks kept hot or sold with utensils, and on:

- | Individual-sized bakery items, such as doughnuts and cookies sold without plates or eating utensils will be exempt even if sold in quantities of five or less.
- | Retailers who mix two or more food ingredients for sale by weight or volume (e.g., salad) as a single item must collect sales tax unless the mixture has raw animal foods (eggs, fish, meat or poultry) that require cooking by the consumer per FDA recommendations. The provision does not include bakery items and food that is only cut, repackaged, or pasteurized.

If you don't have eating facilities, sales tax should not be collected on chips, cookies, crackers, peanuts, etc., even when sold in individual-sized containers.

## **Photo Processing**

Collect sales tax on film processing, negatives, prints, pictures-on-disk, and slides.

## **Rentals**

Collect sales tax on the rental of video tapes, VCRs, floor-cleaning equipment, and any other tangible personal property.

## **Cigarettes and Tobacco Products**

Collect sales tax on cigarettes, cigars, and all other tobacco products.

## **Coupons**

A coupon is a cash discount. Subtract the value of the coupon from the sales price of the item and collect tax on the lower price.

## **Newspapers**

Newspapers are not taxable. "Newspapers" are defined as publications:

- | printed on newsprint;
- | distributed at short intervals of four weeks or less;
- | sold for an average price-per-copy of 75 cents or less over a 30-day period; and
- | for the dissemination of news of a general character and of general interest, including advertising.

## **Magazines**

Sales tax must be collected on magazines.

## **Phone Cards**

Sales tax must be collected on phone cards.

## **Food Stamps or the Lone Star Card**

Items that may be legally purchased with food stamps or the Lone Star Card are exempt from sales tax.

For example, when a customer buys milk, fruit, bread, soft drinks, and candy and pays with food stamps, or the Lone Star Card, and cash, the food stamps or the Lone Star Card should first be used to pay for the soft drinks and candy. In other words, do not collect sales tax on the candy and soft drinks as long as they are paid for with food stamps or the Lone Star Card.

## **Over-the-Counter Drugs and Medicines**

Effective April 1, 2000, over-the-counter drugs and medicines, vitamins and minerals, and nutritional supplements are exempt from Texas sales tax.

## **Tax Rates**

All retailers must collect the *state* sales tax on taxable items. Depending on your location, you also may be required to collect *local* tax for cities, counties, special purpose districts, or transit authorities. The brochure, [\*Texas Sales and Use Tax Rates \(publication #96-132\)\*](#), lists the correct tax rates for cities and counties in Texas.

## **Permits**

A sales tax permit must be displayed at each store you operate. If you need a permit, call our toll-free number for an application.

## **EXAMPLES OF TAXABLE ITEMS**

adhesive tape  
alarm clocks  
ale  
aluminum foil  
ammonia

- ammunition
- appliances, all types
- automotive items (oil, transmission fluid, antifreeze, etc.)
- \*\* baby care products (oil, lotion, powder, etc.)
- baby clothing
- bags, all types
- baskets
- batteries
- beauty supplies
- beer
- birdseed (except wild birdseed)
- bleach
- blueing
- books
- breath mints
- brooms
- brushes
- bubble bath
- calendars
- cameras
- candles
- \* candy
- canning supplies
- \* carbonated beverages
- cards
- cassette tapes
- charcoal briquettes
- charcoal lighter fluid
- Christmas trees and decorations
- cigarettes
- cigarette lighters
- cleaners
- clothes pins
- clothing
  - coffee pots
- cologne
- cosmetics
- costumes
- \*\* cough drops
- dental floss
- detergent
- deodorant
- deodorizers
- diapers
- \* diluted juices (50% or less juice)
- dishcloths and towels
- dishes
- disinfectant
- distilled spirits
- \* drinks (soft drinks - canned bottled, frozen, or powdered, including all ade;
  - dye
- eating utensils
- electrical supplies
- electronic equipment
- eye glasses

fabric softeners  
fertilizer  
film  
fishing tackle  
firearms  
flashlights  
floor wax  
flower seeds  
flowers  
fly swatters  
freezer paper and tape  
furniture  
fuses

garbage bags  
garden supplies  
gift wrap  
glassware  
gum

hair care products (shampoo, spray, conditioner, etc.)  
hair coloring  
hairpins and accessories  
hammers  
hardware  
housewares

ice  
ice chests  
ice cream salt  
ice cream sundries (sold individually; not taxable when sold in packages of :  
insecticides  
    irons

jars  
jewelry

keys  
kitchenware

laundry detergent and additives  
lawn chairs  
light bulbs  
liquor  
\*\* lotions  
lubricants  
lye

matches  
magazines  
mops, mop handles, and mop heads  
mothballs and spray  
motor oil  
mousetraps  
movies

nails  
notebooks  
\* nuts (candy-coated)  
nursery stock (except vegetable plants)

paper items (all)  
paraffin  
peat moss  
pencils and pens  
perfume  
pet food  
pet supplies  
photo processing  
pictures and frames  
pipes  
plastic items  
poisons  
polish  
popsicles  
popcorn (when candy-coated or hot in the store)  
pots and pans  
powder (face, body, and cleaning)  
\*\* prophylactics

razors and blades  
rental items  
ribbons

sandwiches (except frozen)  
sandwich bags  
school supplies  
scouring pads  
shaving cream and lotion  
shampoo and rinses  
shoelaces  
silverware  
snuff  
socks  
soap and detergent  
\* soft drinks (carbonated and non-carbonated)  
sponges  
sports equipment  
sprays  
starch  
stationery and cards  
sunglasses

tape (packaging)  
tape recorders  
thread and sundries  
toilet tissue  
tools  
toothbrushes  
toothpaste  
toothpicks  
toys  
tobacco products  
towels

video tape (sales and rentals)

watches and clocks  
water softeners  
water softener salt

wax removers  
whisk brooms  
wine  
wire  
water (when flavored)

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\* *Unless purchased with food stamps or the Lone Star Card.*

\*\* *Unless medicated.*

### **Wrapping and Packaging**

A retailer must pay tax on all boxes, sacks, or plastic coverings used to package or repackage items for sale. An exemption can be claimed on wrapping and packaging materials used in a processing environment such as wrapping cooked foods in a store's deli operation, cakes in a bakery, or meats in a store's in-house meat department.

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## **WE'RE HERE TO HELP! *Call Toll Free!***

If you have questions or need information on a specific tax, please call our toll-free numbers.

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#### **1-800-531-5441**

Cement Tax  
Inheritance Tax  
Local Revenue  
Miscellaneous Gross  
Receipts Taxes  
Oil Well Servicing Tax  
Sulphur Tax

#### **1-800-252-1386**

Certificates of Account  
Status/Good Standing  
Officer and Director  
Information

#### **1-800-252-1381**

Bank Franchise  
Franchise Tax

#### **1-800-862-2260**

Cigarette and Tobacco

#### **1-800-252-1387**

Insurance Tax

#### **1-800-252-5555**

Automotive Oil Fee  
Battery Fee  
Boat and Boat Motor  
Sales Tax  
Mixed Beverage Tax  
Oyster Fee  
Sales and Use Taxes  
Telecommunications  
Infrastructure Fund

#### **1-800-252-1382**

Manufactured Housing Tax  
Motor Vehicle Sales and  
Rental Tax  
Seller Financed Sales Tax

#### **1-800-252-1383**

Fuels Taxes  
LG Decals  
Motor Fuels Testing  
Petroleum Products  
Delivery Fee  
School Fund Benefit Fee

#### **1-800-252-1384**

Coastal Protection  
Natural Gas Tax  
Oil Production Tax

#### **1-800-252-1385**

Amusement Tax  
Hotel Occupancy Tax

#### **1-800-654-3463**

Unclaimed Property Name  
Searches  
512/463-3120 (Austin)

#### **1-800-321-2274**

Unclaimed Property  
Claimants  
512/936-6255 (Austin)  
Unclaimed Property  
Holders  
512/936-6246 (Austin)

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Receive tax help via e-mail at [tax.help@cpa.state.tx.us](mailto:tax.help@cpa.state.tx.us)

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(512) 463-4600 in Austin  
(512) 475-0900 (FAX)

From a Telecommunications Device for the Deaf (TDD), our hearing impaired taxpayers may call toll free 1-800-248-4099, or they may call via 1-800-RELAY-TX. In Austin, the local TDD number is 463-4621.