

Wisconsin Tax Details

Soft Drinks

- Liquid
- Less than 0.5% alcohol
- Sweetened (natural or artificial)
- Does not contain milk or similar substitutes
- 50% or less fruit or vegetable juice
- CARBONATION DOES NOT MATTER!

Candy

- Bar, drop, or piece
- Sweetened (natural or artificial)
- Does not contain flour
- Does not require refrigeration
- Combined with other ingredients

Supplements

- Tablet, capsule, powder, or liquid
- Labeled as a supplement
- Includes bee pollen, garlic capsules, ginseng tablets, and zinc lozenges

Prepared Food

- Sold in a heated state
- 2 or more ingredients not sold by weight or volume
- Plate, bowl, or cup provided
- Exclude bakery items unheated at time of sale.

- (a) The grocer is selling products which qualify for the exemption for “food and food ingredients” that are for human consumption.
- (b) The grocer is selling products to organizations which are exempt from Wisconsin sales tax (e.g., churches, federal governmental agencies, any federally recognized American Indian tribe or band in Wisconsin, Wisconsin state and local governmental agencies) and the organization provides the grocer with either:
 - (1) A certificate of exemption, indicating the organization’s certificate of exempt status (CES) number (**Note:** In lieu of obtaining a certificate of exemption, the grocer may record the CES number on its copy of the bill of sale), or
 - (2) For federal and Wisconsin (state and local) governmental agencies, which includes public school districts, an exemption certificate indicating the governmental entity’s CES number or a purchase order or similar written document from the governmental agency.
- (c) The grocer is selling products to customers who provide the grocer with an exemption certificate claiming an exemption from Wisconsin sales and use tax (e.g., resale).

Food and Food Ingredients for Human Consumption

Exempt Food and Food Ingredients and Beverages: An exemption from Wisconsin sales and use tax is provided for all “food and food ingredients” except “candy,” “dietary supplements,” “prepared food,” and “soft drinks.” The following examples of food and food ingredients are exempt from Wisconsin sales tax, *provided they do not meet the definition of “candy,” “dietary supplements,” “soft drinks,” or “prepared foods.”*

| | |
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| Apple cider, sweet | Citrus fruits |
| Baby food | Cocoa |
| Bakery goods | Coffee beans, grounds, freeze dried, and coffee substitutes |
| Baking powder and soda | Coffee drinks that contain no sweeteners or that contain a milk or milk product |
| Barbecue sauces | Condiments |
| Berries | Cones and ice cream cups |
| Beverage powders | Cookies and crackers |
| Beverages that contain milk | Cooking oils |
| Biscuit mix | Cream |
| Bottled water, unsweetened | Dairy products |
| Bouillon cubes | Deli items |
| Bread and rolls | Desserts and toppings |
| Breakfast pastries | Dinners, frozen |
| Brownies | Donuts |
| Butter | Dressings |
| Cake mixes | Dried fruits, unsweetened |
| Cakes, prepared, mixes, and snack-type | Dried milk products |
| Canned foods | Eggs |
| Catsup | Fish and fish products |
| Cereal and cereal products | Flavoring extracts |
| Cheese | Flour |
| Chicken | Food coloring |
| Chip dip | Frosting |
| Chips, potato, corn, and similar items | Frozen desserts |
| Chocolate, unsweetened or not sold in form of bars, drops, or pieces | |

Exempt Food and Food Ingredients and Beverages (cont'd)

| | |
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| Frozen fruit juices | Pickles |
| Frozen fruits and vegetables | Pie and pie fillings |
| Frozen pizza | Pie crust and mixes |
| Frozen TV dinners | Popcorn, popped or unpopped |
| Fruit | Popsicles |
| Fruit juices that contain more than 50% fruit juice by volume | Potato chips |
| Garlic | Potato salad |
| Gelatin | Poultry and poultry products |
| Granola bars that contain flour | Powdered drink mixes |
| Gravy extracts and mixes | Preserves |
| Grits | Pretzels |
| Hash | Puddings |
| Honey | Raisins |
| Ice cream bars and similar products | Ravioli |
| Ice cream in cones | Relishes |
| Ice cubes | Rice |
| Jams | Rolls and biscuits |
| Jellies | Salad dressing |
| Juices that contain more than 50% fruit or vegetable juice by volume | Salt and salt substitutes |
| Ketchup | Salted nuts |
| Lobster | Sardines |
| Luncheon meats | Seafood |
| Macaroni | Seasonings |
| Malted milk powder | Sherbet |
| Maraschino cherries not including chocolate covered cherries | Shortening |
| Margarine | Soup |
| Marshmallow creme | Spaghetti products |
| Marshmallows that contain flour | Spices |
| Mayonnaise | Spreads |
| Meal | Sugar |
| Meat and meat products | Sweeteners |
| Meat extracts and tenderizers | Syrup |
| Melons | Tea bags, leaves or instant |
| Milk and milk products | Tea and ice tea beverages that are not sweetened |
| Mustard | Trail mix with candy |
| Noodles | Turkey |
| Nuts that are not candy | Vanilla and vanilla extract |
| Oil, cooking, salad | Vegetable juices that contain more than 50% juice by volume |
| Oleomargarine | Vegetables |
| Olives | Vinegar |
| Pancake mix | Waffle mix |
| Pasta | Water, carbonated, unsweetened |
| Peanuts that are not candy | Water, flavored, unsweetened |
| Peanut butter | Water, unsweetened |
| Pectins | Yeast |
| Pepper | Yogurt and yogurt bars, cones, and sundaes |

Taxable Food and Food Ingredients and Beverages: There are many foods, food ingredients, and beverages sold in grocery stores that are subject to Wisconsin sales tax.

The following examples of products (including sales from vending machines) are subject to Wisconsin sales and use tax:

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| Alcoholic beverages | Ginseng sold as a dietary supplement |
| Anti-acid products | Granola bars that are sweetened, unless they contain flour |
| Aspirin | Gum |
| Baking chips, sweetened | Heated foods and beverages |
| Baking chocolate in the form of a bar, drop, or piece that contains a sweetener | Honey roasted and honey coated nuts |
| Beer | Ice blocks |
| Beverage powders that are dietary supplements | Intoxicating liquor |
| Bottled water, sweetened | Juices that contain sweeteners and 50% or less fruit or vegetable juice by volume |
| Breath mints | Lozenges |
| Cake decorations that are candy | Marshmallows |
| Candied fruits | Nuts that are candy, such as honey roasted cashews |
| Candy | Peanuts that are candy, such as honey roasted peanuts |
| Candy apples | Popcorn that is candy, such as caramel corn |
| Caramel apples | Potato salad that is prepared food |
| Caramel corn | Powdered drink mixes that are dietary supplements |
| Chewing gum | Prepared foods |
| Chocolate chips and other flavored chips, if sweetened | Pretzels that are prepared food |
| Chocolate covered raisins and nuts | Raisins that are candy, such as yogurt coated raisins |
| Cocktail mixes containing 50% or less fruit or vegetable juice | Root beer |
| Cod liver oil | Salted nuts that are candy |
| Coffee drinks that contain sweeteners, unless it also contains milk or a milk product | Sandwiches that are prepared food |
| Confections that are candy | Seeds for planting |
| Cough drops | Soft drinks |
| Deli items that are prepared food | Taffy apples |
| Dietary supplements | Tea drinks that contain sweeteners |
| Distilled spirits | Tonics |
| Dried fruit with sweeteners | Vegetable juice that contains a sweetener and 50% or less juice by volume |
| Fermented malt beverages | Vitamins |
| Flowers | Water, sweetened |
| Fruit drinks that contain a sweetener and have 50% or less fruit juice by volume | Yogurt covered raisins and nuts |
| Fruit snacks that contain a sweetener | |

Prepackaged Food Combinations

If a combination of taxable and nontaxable products that are distinct and identifiable, one or more of which is a food or food ingredient, are packaged together and:

- (1) More than 50% of the retailer's purchase price or sales price as determined by the seller (but not a combination of both) of the products in the package are attributable to products that are subject to Wisconsin sales or use tax, the total sales price of the package is subject to Wisconsin sales or use tax.

- (2) 50% or less of the retailer's purchase price or sales price as determined by the seller (but not a combination of both) is attributable to products that are subject to Wisconsin sales or use tax, the total sales price of the package is exempt from Wisconsin sales or use tax.

Example: A grocery store sells a package that contains crackers, meat, cheese, candy, and a soft drink. The grocery store purchased the package from Company. Of the grocery store's purchase price and selling price, 75% is attributable to the meat, cheese, and crackers (exempt products) and 25% is attributable to the candy and soft drink (taxable products). Since neither the retailer's purchase price nor selling price of the taxable products is greater than 50% of the retailer's purchase price or sales price of products that are subject to Wisconsin sales or use tax, the entire sales price of the package is exempt from Wisconsin sales or use tax.

Fruit and Vegetable Juices and Drinks, Soft Drinks, Beer, Wine, and Liquor Sales

Fruit and Vegetable Juices and Drinks Exempt From Sales Tax: Sales of fruit and vegetable juices and drinks that contain more than 50% fruit or vegetable juice by volume, are exempt from Wisconsin sales tax. In addition, powders and frozen concentrates used to make fruit and vegetable juices or drinks are exempt from Wisconsin sales or use tax since they are not in liquid form and therefore do not meet the definition of "soft drink."

Fruit and Vegetable Juices and Drinks Subject to Wisconsin Sales Tax: Sales of fruit and vegetable juices and drinks which are not more than 50% fruit or vegetable juice by volume are subject to Wisconsin sales tax, unless they contain milk or milk products or soy, rice, or similar milk substitutes.

Soft Drinks: Sales of beverages that contain less than 0.5% alcohol by volume and which contain a natural or artificial sweetener are subject to Wisconsin sales or use tax. To be considered a beverage, the product must be sold in liquid form. However, if the beverage contains milk or milk products, soy, rice, or similar milk substitutes, or more than 50% vegetable or fruit juice by volume, it is not subject to Wisconsin sales or use tax as a soft drink. It may, however, be subject to Wisconsin sales or use tax if it meets the definition of prepared food or dietary supplement.

Beer, Wine, and Liquor Sales: Sales of beer, wine, and liquor are subject to Wisconsin sales and use tax as sales of alcoholic beverages if they are suitable for human consumption and contain 0.5% or more alcohol by volume. However, "cooking wines" are exempt from Wisconsin sales or use tax. **Note:** Non-alcoholic beers may be taxable as soft drinks if they contain a sweetener.

What about sales of other items?

For specific information about sales of other foods and food ingredients, and beverages sold by grocery stores, see the following sections of this publication:

- "Bakery Sales and Purchases" on page 21,
- "Catering Sales and Purchases" on page 27,
- "Deli Sales and Purchases" on page 29,
- "Meat Department Sales and Purchases" on page 36, and
- "Vending Machine Sales and Purchases" on page 41.

Taxable Sales of Non-Food Items

A grocer's sales of non-food items (except as provided in the following section titled "Exempt Sales of Non-Food Items"), are subject to Wisconsin sales tax, unless the customer can claim an exemption (e.g., nonprofit, government, resale). Examples of non-food items sold by grocers that are subject to tax include, but are not limited to:

- Appliances, bakeware, and utensils, such as can openers, clocks, pots and pans, spoons, forks, and knives
- Auto supplies, such as oil, anti-freeze, cleaners, lubricants, and light bulbs
- Baby care supplies, such as diapers, wipes, pacifiers, bottles, and rattles
- Beauty supplies, such as make-up, hair spray, nails, nail polish, perfume, bobby pins, rollers, and jewelry
- Cameras, film, and other photography supplies
- Canning and freezing supplies, such as jars, lids, wrapping paper, and tape
- Cigars, cigarettes, tobacco, and lighters
- Cleaning supplies, such as wax, polishes, mops, brooms, pails, sponges, gloves, soap, laundry detergent, bleach, ammonia, bowl and drain cleaners, and air fresheners
- Electrical supplies, such as flashlights, bulbs, batteries, and fuses
- Garbage cans, bags, and wastebaskets
- Greeting cards, gifts, and wrapping paper
- Grilling supplies, such as charcoal, charcoal starter, rotisseries, and matches
- Grocery bags (disposable or reusable)
- Hardware supplies, such as nails, screws, nuts, bolts, paint and paint supplies, steel wool, and sandpaper
- Hygiene products, such as soap, shampoo, combs, deodorant, shaving cream, and razors
- Lawn and garden supplies, such as tools, hoses, fertilizers, flowers, seeds, and insect and pest control products
- Medical supplies and first aid products, such as aspirin, band-aids, cough drops, rubbing alcohol, ointments, and suntan lotion
- Music and video supplies, such as records, tapes, CD's, and head cleaners
- Office and school supplies, such as pens, pencils, crayons, note pads, binders, stationery, tape, glue, rubber bands, scissors, paper clips, staples, and staplers
- Paper and plastic products, such as napkins, paper towels, paper plates, and plastic utensils
- Pet food and supplies, such as collars, flea and tick spray, dog biscuits, and pet toys
- Reading materials such as books, magazines, and periodicals (newspapers are exempt from Wisconsin sales tax)
- Toiletries such as toilet paper, facial tissue, bubble bath, toothbrushes, and feminine hygiene products

- Toys and games, such as balls, board games, and dolls
- Water softener salt and conditioners
- Wearing apparel, linens, clothing, gloves, washcloths, hosiery, zippers, sewing supplies, thread, shoe-laces and polish, sunglasses, stockings, and watches

Exempt Sales of Non-Food Items

A grocer's sales of non-food items which are exempt from Wisconsin sales tax and for which an exemption certificate is not needed include, but are not limited to:

- Newspapers
- Fuel for motor vehicles subject to tax under Chapter 78, Wis. Stats.
- Prescription drugs
- Durable medical equipment for home use
- Mobility-enhancing equipment
- Prosthetic devices
- United States and Wisconsin flags

2. Purchases of Inventory Items by Grocers

A grocer's purchases of items which are going to be resold may be made without Wisconsin sales and use tax. The grocer may be required to provide its supplier with an exemption certificate claiming resale.

Exemption Certificate Not Required - Items that qualify for the exemption for food and food ingredients for human consumption may be purchased by the grocer without Wisconsin sales and use tax and without issuing an exemption certificate. The list on pages 16 and 17 (*Exempt Food and Food Ingredients and Beverages*) shows examples of these items.

Exemption Certificate Required - Certain foods and food ingredients, and non-food items which a grocer purchases and resells, may be purchased without Wisconsin sales and use tax if the grocer provides the supplier with an exemption certificate claiming resale. The listing on page 18 (*Taxable Food and Food Ingredients and Beverages*) shows examples of these items. (**Note:** The products identified in the section titled "Exempt Sales of Non-Food Items" may be purchased without tax and without the issuance of an exemption certificate claiming resale.)

B. Bakery Sales and Purchases

1. Sales by Bakeries

The taxability of bread, cakes, cookies, donuts, rolls, and other foods commonly made by bakeries and sold by the bakery or in grocery stores depends on whether the items are sold "heated" or otherwise meet the definition of prepared food or candy as defined in Part II. on pages 9 through 15. See Table 1 on page 22. Table 1 applies to sales of bakery items by a bakery or a grocery store regardless of whether the bakery or grocery store made the bakery items or purchased the bakery items already made from a third party.

Note: In order to determine the proper Wisconsin sales and use tax treatment of the sale of bakery items using Table 1, you must start at Question 1 in the table and stop at the first description that accurately describes the transaction in question and indicates "Taxable" or "Not Taxable."