



## IOWA SALES TAX ON ITEMS SOLD AT FARMERS MARKETS

### **Q. Are the sales of fruits and vegetables taxable?**

**A. No.** Fruits and vegetables sold for human consumption are exempt from tax. Pumpkins are exempt regardless of their use.

### **Q. Are the sales of vegetable seeds, plants, and fruit trees subject to sales tax?**

**A.** If your customer will be consuming the produce from the seeds, plants, or trees, the sale is taxable. If the produce from the seeds, plants, or trees are grown by a commercial produce grower or truck gardener primarily for resale, then the sales of seeds, plants, or trees that produce food are exempt.

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### **Taxable Beverages**

#### **Alcoholic Beverages are taxable**

“Alcoholic beverages” means beverages that are suitable for human consumption and contain one-half of one percent or more of alcohol by volume.

#### **Soft Drinks are taxable**

“Soft drinks” means nonalcoholic beverages that contain natural or artificial sweeteners.

#### **Bottled Water is taxable if...**

it has any flavoring or sweetener.

### **Exempt Beverages**

#### **Beverages that contain...**

- milk or milk products
- soy, rice, or similar milk substitutes
- greater than 50 percent of vegetable or fruit juice by volume

#### **Bottled Water is exempt if...**

it is effervescent or noneffervescent, soda water, mineral water

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### **Taxable Candy**

“Candy” means a preparation of sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts, or other ingredients or flavorings in the form of bars, drops, or pieces.

Gum is taxable.

### **Exempt “Candy”**

“Candy” does not include flour as an ingredient. If it does, it is exempt from Iowa sales tax.

Cookies are not taxable. Neither are items such as Twix, even if sold on the candy shelves. Other examples of items that contain flour are Kit Kat bars, Milky Way bars, M&M Crispy (blue packages), Reese’s sticks.

## Taxable Prepared Foods

“Prepared food” means any of the following:

- Food sold in a heated state or heated by the seller, including food sold by a caterer.
- Two or more food ingredients mixed or combined by the seller for sale as a single item.
- Food sold with eating utensils provided by the seller, including plates, knives, forks, spoons, glasses, cups, napkins, or straws.

## Exempt Prepared Foods

“Prepared food” does not include the following. These items are exempt from sales tax:

- Food that is only sliced by the seller
- Food that is only repackaged by the seller
- Bakery items sold by the seller that baked them
- Food sold in an unheated state as a single item without eating utensils provided by the seller which is priced by weight or volume

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### A List of Taxable Items

- Crafts
- Jewelry
- Clothing
- Prepared Food
- Flowers
- T-Shirts
- Artwork
- Candy and Candy Coated Items that don't contain flour

### A List of Additional Exempt Food

- Cereal, unless taxable as candy in the form of a bar
- Nuts
- Cheese and crackers
- Chips
- Fruit
- Ice cream products
- Milk
- Popcorn
- Pretzels
- Soup
- Yogurt

## NonProfit Organizations

If you are a nonprofit organization, please call Taxpayer Services for help determining if your sales are subject to sales tax.

## For answers

### to your Iowa tax questions:

- [idr@iowa.gov](mailto:idr@iowa.gov)
- 1-800-367-3388 (Iowa, Omaha, Rock Island, Moline) or 515-281-3114
- [www.iowa.gov/tax](http://www.iowa.gov/tax)

**Sales Tax Rates are available on the Department's Web site at [www.iowa.gov/tax](http://www.iowa.gov/tax)**

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