



Sales and Use Tax Notice

Notice #23-09

May 2023

2023 Sales Tax Holiday for Food and Food Ingredients

Sales Tax Holiday from August 1, 2023, through October 31, 2023

Public Chapter 377 (2023) creates a new sales tax holiday starting at 12:01 a.m. on Tuesday, August 1, 2023, and ending at 11:59 p.m. on Tuesday, October 31, 2023. During this period, food and food ingredients may be purchased tax free. Food and food ingredients purchased from a micro market or vending machine remain subject to sales tax.

Food and Food Ingredients

"Food and food ingredients" are defined as liquid, concentrated, solid, frozen, dried, or dehydrated substances that are sold to be ingested or chewed by humans and are consumed for their taste or nutritional value. Food ingredients do not include alcoholic beverages, tobacco, candy, dietary supplements, and prepared food. For more information and examples of food and food ingredients, please see [Important Notice 17-20](#).

The most common example of a dealer selling food and food ingredients is a grocery store. Food and food ingredients are those items otherwise taxed at the 4% state sales tax rate plus the applicable local rate.

Reporting Exempt Sales

All dealers must properly report exempt sales made during the sales tax holiday. For the August 2023

through October 2023 reporting periods, sales should be reported as follows:

1. Report all sales (taxable and non-taxable) on Page 1, Line 1 (Gross Sales) of the sales tax return.
2. Report all sales of exempt food and food ingredients made during the holiday period on Schedule A, Line 10, and Schedule G – Temporary Exemptions.

The information reported on Schedule A, Line 10, is required in order for the State to reimburse local governments for the loss of local sales tax resulting from the tax holiday.

This exemption will only be available during the holiday period. All retail sales of food and food ingredients made before August 1, 2023, and after October 31, 2023, will be subject to sales tax.

For More Information

Visit www.tn.gov/revenue. Click on Revenue Help to search for answers or to submit an information request to one of our agents. Additional information is also available in the Department's [Sales and Use Tax Manual](#).

References

Tenn. Code Ann. §§ 67-6-102 and 67-6-393. Public Chapter 377 (2023)

Disclaimer: The information provided here is current as of the date of publication but may change as a result of new statutes, regulations, or court decisions. While this notice is intended to be comprehensive, events and situations unanticipated by this notice may occur. In such cases you should contact the department or your tax professional for further guidance.