



Sales and Use Tax Notice

Notice #17-07

April 2017

State Tax Rate Change on Food

State Sales Tax Rate on Food Is Reduced Effective July 1, 2017

Beginning July 1, 2017, Public Chapter 181, Section 30 of the IMPROVE Act reduces the state sales and use tax rate on food and food ingredients from 5% to 4%. The applicable local sales and use tax rate (up to 2.75%, depending on the locality) also applies to these sales.

Food and food ingredients means substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are consumed for their taste or nutritional value. Food and food ingredients does not include alcoholic beverages, tobacco, candy, dietary supplements or prepared food.

Prepared food, dietary supplements, candy, alcoholic beverages and tobacco continue to be subject to the general state sales and use tax rate of 7%, plus the applicable local tax rate. A list of local sales tax rates may be found [here](#).

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.

References

Tenn. Code Ann. § 67-6-228; Tenn. Code Ann. § 67-6-102; Public Chapter 181 (2017)