

# Soft Drinks and Other Beverages

**102C**

Sales Tax Fact Sheet 102C

Fact Sheet

## What's New in 2017

Starting July 1, 2017, the only taxable food sold through vending machines is prepared food, soft drinks, candy, and dietary supplements.

Minnesota sales tax applies to the sale of soft drinks. The food product exemption does not apply to soft drinks.

## Soft drinks

Soft drinks are nonalcoholic beverages that contain natural or artificial sweeteners.

“Natural and artificial sweeteners” means an ingredient of a food product that adds a sugary sweetness to the taste of the food product.

For sales tax purposes, beverage powders and concentrates are not considered soft drinks.

To determine if a beverage is a taxable soft drink, you must review the product label. The following table provides more information.

If the product label includes *	The drink is	Examples
<ul style="list-style-type: none"> <li>• Agave</li> <li>• Aspartame</li> <li>• Barley malt</li> <li>• Corn syrup</li> <li>• Dextrose</li> <li>• Evaporated cane juice</li> <li>• Fructose</li> <li>• Fruit juice concentrate</li> <li>• Honey</li> <li>• Invert sugar</li> <li>• Maltitol</li> <li>• Molasses</li> <li>• Rice syrup</li> <li>• Saccharin</li> <li>• Stevia</li> <li>• Sucralose</li> <li>• Sucrose</li> <li>• Other artificial or natural sweeteners</li> </ul>	Taxable	<ul style="list-style-type: none"> <li>• Bottled or canned water that contains sweeteners</li> <li>• Coffee and tea drinks that contain sweeteners</li> <li>• Fruit ades, drinks, or nectars that contain sweeteners and have 50 percent or less fruit juice or no fruit juice percent shown on label</li> <li>• Kombucha tea</li> <li>• Nonalcoholic beer or near beer (contains barley malt)</li> <li>• Oral electrolyte drinks</li> <li>• Sports drinks</li> <li>• Soda pop</li> <li>• Sparkling grape juice containing sweeteners and 50 percent or less fruit juice</li> </ul>

\* **Note:** This list is for reference only. It does not include all natural and artificial sweeteners or beverages.

If the product label includes *	The drink is	Examples
<ul style="list-style-type: none"> <li>• Milk or milk products</li> <li>• Soy, rice, or similar milk substitutes</li> <li>• More than 50 percent vegetable or fruit juice by volume, even if they contain sweeteners</li> <li>• No specific sweetener listed but lists natural flavor, essence, or spice</li> </ul>	Not taxable (for exceptions, see the “Additional Information” section)	<ul style="list-style-type: none"> <li>• Apple cider</li> <li>• Beverage powders or concentrates</li> <li>• Bottled or canned water with no sweeteners</li> <li>• Coffee beans or grounds and tea leaves</li> <li>• Nutritional drinks that contain milk or milk substitutes</li> <li>• Milk and drinks that contain milk</li> </ul>

\* **Note:** This list is for reference only. It does not include all natural and artificial sweeteners or beverages.

## Bottled water

If no sweeteners are added, carbonated, non-carbonated, or flavored bottled water are generally not taxable (regardless of size).

Delivery charges for nontaxable water are also exempt.

However, bottled water is taxable when the seller provides straws or other eating utensils. For more information, see Fact Sheet 102D, *Prepared Food*.

## Alcoholic beverages

Alcoholic beverages are taxable. Alcoholic beverages contain 0.5 percent or more alcohol by volume.

Beer, wine, and liquor sold by a business with an intoxicating liquor license are subject to the general sales tax rate, liquor gross receipts tax, and any local taxes that apply. For more information, see the Food and Bar Establishments Industry Guide.

### Nonalcoholic beer

Nonalcoholic beer is a taxable soft drink because it contains sweeteners. These beverages are subject to the general sales tax rate and any applicable local taxes.

## Additional information

Any beverage listed as exempt in this fact sheet becomes taxable when it is served in a glass, cup, or pitcher.

For more information, see the Food and Bar Establishments Industry Guide.

### Ice

Ice cubes, crushed ice, and ice blocks are not taxable. Dry ice is taxable.

### Vending machines

Starting July 1, 2017, the only taxable food sold through vending machines is prepared food, soft drinks, candy, and dietary supplements. Previously, all food and beverages sold from a vending machine were taxable.

For more information, see Fact Sheet 158, *Vending Machines and Other Coin-Operated Devices*.

### Legal References

Minnesota Statute 297A.61  
 subd. 32, Soft Drinks  
 subd. 34, Taxable food sold through vending machines

Minnesota Rule 8130.4700, Prepared Food, Candy, and Soft Drinks

### Other Fact Sheets

102A, *Food and Food Ingredients*  
 102B, *Candy*  
 102D, *Prepared Food*  
 102E, *Dietary Supplements*  
 158, *Vending Machines and Other Coin-Operated Devices*

### Industry Guides

Food and Bar Establishments