

Hospital and Nursing Home Meals

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Sales Tax Fact Sheet 118

Fact Sheet

What's New in 2018

We clarified when sellers are required to collect local sales taxes. See Local Sales and Use Taxes below.

Hospitals, sanatoriums, nursing homes, assisted-living facilities, and senior citizens' homes must charge sales tax on the meals and snacks they sell to anyone other than patients or residents. This affects all cafeterias, coffee shops, candy stands, and vending machines in the facilities.

Patient or Resident Meals

Only meals and snacks customarily provided to patients as part of their routine care and included in the hospital's charges are exempt from tax. That is, if a patient is served a meal in his or her hospital room by hospital personnel, the meal is exempt.

If a patient buys food from the hospital's snack shop that food is taxable.

If a resident of a senior citizens' home eats in the home's resident dining room, the meal is exempt. If a resident buys a meal or snack at a candy stand in the center, it's taxable.

Guest Meals

Meals served to guests who are visiting residents are taxable. Charge tax on the meal if the guest pays for the meal or if the resident is billed for the meal as a separate charge.

Employee Meals

Employees must pay sales tax on the amount charged to them for meals.

Vending Machine Sales

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

For more information, see the Vending Machines and Other-Coin Operated Devices Industry Guide.

When to charge tax?

When you bill patients or residents for their care and the bill includes charges for their meals, you should not charge sales tax.

If you operate a coffee shop, candy stand, or similar facility, charge sales tax on the taxable food items you sell there even if they are run by the institution or an outside organization or contractor.

Examples of Taxable Items

All sales of food in a cafeteria or snack bar are taxable. Examples of taxable items at candy shops include:

- candy and gum
- soft drinks
- heated foods (including "take-out" items)

Local Sales Taxes

If you are located in or make sales into an area with a local tax, you may owe local sales or use tax. For more information, see Local Sales and Use Taxes Fact Sheet.

Legal References

Minnesota Statutes 297A.61, subd. 4, Taxable food sold through vending machines
Minnesota Statutes 297A.67
subd. 4. Exempt meals at residential facilities
subd. 6. Other exempt meals

Other Fact Sheets

Candy
Dietary Supplements
Food and Food Ingredients
Local Sales and Use Taxes
Prepared Food
Sales to Governments
Soft Drinks and Other Beverages

Industry Guides

Vending Machines and Other Coin-Operated Devices