



## Definitions

---

**Grocery food (food and food ingredients)** are substances regardless of whether in liquid, concentrated, solid, frozen, dried, or dehydrated form; and that are sold for ingestion or chewing by humans and consumed for the substance's taste or nutritional value. Food and food ingredients do not include an alcoholic beverage, tobacco or **prepared food**.

**Prepared food** means:

- food sold in a heated state or heated by a seller;
- two or more food ingredients mixed or combined by the seller for sale as a single item;
- food sold with an eating utensil provided by the seller, including a plate, knife, fork, spoon, glass, cup, napkin, or straw (a container or packaging used to transport the food is *not* an eating utensil)

Prepared food does *not* include:

- food that a seller only cuts, repackages, or pasteurizes;
- raw eggs, raw fish, raw meat, raw poultry, or food containing one of these items if the Food and Drug Administration (FDA) recommends a consumer cook the items to prevent food borne illness;
- the following if sold without eating utensils provided by the seller:
  - food and food ingredients sold by a food manufacturer, with the exception of bakeries and tortilla manufacturers;
  - food and food ingredients sold in an unheated state by weight or volume and as a single item;
  - a bakery item, including a bagel, bar, biscuit, bread, bun, cake, cookie, croissant, danish, donut, muffin, pastry, pie, roll, tart, torte or tortilla.

**Full sales tax rate** means the combined state and local sales and use tax rate applied to sales of tangible personal property. See <http://tax.utah.gov/sales/rates.html> for current and past rates.

**Reduced sales tax rate** means the tax rate applied to sales of grocery food. For 2008 sales, this is a statewide rate of 3.00 percent. In 2007, the rate was 2.00 percent less than the full rate. For instance, for periods where the full tax rate in Salt Lake City was 6.85 percent, the reduced tax rate was 4.85 percent.

## Examples

---

### Example #1:

A customer purchases milk and bread. These items are grocery food (food and food ingredients). During check-out, the seller will collect the reduced grocery food sales tax rate.

For instance, the combined sales tax rate in Provo during January 2007 was 6.25 percent. If the sale had occurred then, the seller would have collected the reduced rate of 4.25 percent from the customer. If the sale had occurred in January 2008, the reduced statewide grocery food sales tax rate of 3.00 percent would have been collected.



## **Examples (continued)**

---

### **Example #2:**

A customer purchases milk, bread, clothing and a fountain drink in a cup with a straw in one transaction. The milk and bread are grocery food (food and food ingredients); the clothing is not food; the fountain drink is prepared food, because the cup and straw are utensils. The seller will collect sales tax at the reduced grocery food sales tax rate on grocery food items and the combined rate on the clothing and fountain drink purchases based on the seller's location.

For instance, the combined sales tax rate in Cedar City is 6.00 percent in 2008. In this example, the statewide sales tax rate for a purchase of milk and bread would be 3.00 percent and the combined sales tax rate for the clothing and fountain drink would be 6.00 percent. The Cedar City seller will collect 3.00 percent sales tax on the milk and bread and 6.00 percent sales tax on the clothing and fountain drink from the customer.

If the sale had occurred in 2007, when the combined sales tax rate was 6.10 in Cedar City, the reduced tax rate of 4.10 percent would have been collected on the milk and bread, and 6.10 percent sales tax on the clothing and fountain drink.

### **Example #3:**

A customer purchases a combo meal that includes a sandwich, chips and drink. The combo meal is prepared food sold for one price as a bundled transaction. During check-out, the seller will collect the full combined sales tax rate, plus the restaurant tax if applicable, on the combo meal transaction based on the seller's point of sale location.

For instance, the combined sales tax rate in Logan city is 6.55 percent and the restaurant tax is 1.00 percent. In this example, the Logan city seller will collect the combined sales tax rate of 6.55 percent plus the restaurant tax of 1.00 percent, for a total sales tax rate of 7.55 percent on the transaction.

### **Example #4: Deli Inside Another Store**

Prepared food does not include grocery food sold in an unheated state by weight or volume and sold as a single item.

For example, if a customer shopping at a store:

- Goes to the self-serve salad bar, creates a salad, then has it weighed and priced at the cash register and no utensils are provided at the salad bar. This is a grocery food item sold at the lower statewide rate because it is unheated and sold by weight. However, it is a prepared food at the full rate if utensils are provided at the salad bar.
- Goes to the deli and buys fried chicken and a pound of sliced cheese. The fried chicken is a prepared food taxed at the full rate and the sliced cheese is food taxed at the lower rate (the cheese was only cut and repackaged).
- Purchases one pound of potato salad from the deli or pre-packaged potato salad prepared by the deli from the display case. If utensils are made available by the seller, the potato salad is a prepared food taxed at the full rate. If no utensils are available, it is a grocery food ingredient at the reduced rate.

**This information is not all-inclusive and should not be used as a legal reference; it is provided as a reference tool for general guidance. Additional definitions and examples, and other information about the sales tax reduction on grocery food may be found on the Internet at [http://tax.utah.gov/sales/food\\_rate.html](http://tax.utah.gov/sales/food_rate.html).**