



Food and Beverages Sold from Vending Machines

Introduction

This bulletin provides information on the application of the sales tax to food and beverages sold from vending machines. It also explains how to compute the sales tax on vending machine sales.

Sales tax on food and beverages

Sales of food and beverages from vending machines are generally taxed in the same manner as sales of the same items in food stores. This means that generally:

- items that are taxable when sold in a food store are taxable when sold from a vending machine;
- items that are exempt from sales tax when sold in a food store are exempt when sold from a vending machine.

However, there are two exceptions to this general rule:

- hot beverages sold from a vending machine are always exempt;
- certain items that are taxable when sold by food stores are exempt when they are sold from a vending machine for \$1.50 or less.

To learn more about taxable and exempt food, see Tax Bulletin [Food and Food Products Sold by Food Stores and Similar Establishments \(TB-ST-283\)](#).

Taxable food and beverages sold from vending machines

Examples of taxable food and beverage items include:

- sandwiches,
- food arranged on a plate or prepared and ready to eat,
- bottled water, and
- any food that is heated by or kept warm in the vending machine (including soup, but not including broth or any other hot beverage).

To learn more, see Tax Bulletins [Food and Food Products Sold by Food Stores and Similar Establishments \(TB-ST-283\)](#), [Sandwiches \(TB-ST-835\)](#), and [Beverages Sold by Food Stores, Beverage Centers, and Similar Establishments \(TB-ST-65\)](#).

Food and beverages that are exempt when sold from a vending machine for \$1.50 or less

Although the following items are taxable when sold by a store, they are exempt when sold for \$1.50 or less from a vending machine:

- Candy and confectionery, including chocolate bars; chewing gum; honey-roasted nuts; and candy- or chocolate-coated nuts, popcorn, pretzels, etc. (see Tax Bulletin [Candy and Confectionery \(TB-ST-103\)](#) for a listing of these items); and

- Soda, pop, lemonade, sports drinks, fruit drinks containing less than 70% natural juice, and other soft drinks.

These items are taxable if sold from a vending machine for more than \$1.50. Bottle deposits are not included in the computation of the taxable amount and are not included in determining whether the item is sold for \$1.50 or less.

Exempt food and beverages sold from vending machines

These items are exempt from sales tax when sold from a vending machine, regardless of their price (**note:** any brand name product shown in italics is included as an example and is not to be construed as an endorsement of the product):

- Unheated foods (other than sandwiches and other prepared foods), such as:
 - whole fruit (apples, pears, bananas, etc.);
 - cookies, donuts, pastries, cereal bars, granola bars, and diet bars;
 - pretzels, popcorn, potato chips, plain or salted nuts, and crackers;
 - ice cream, fruit bars, *Fruit Gushers*®, and fruit snacks;
 - single-serving cereal packets; and
 - canned foods.
- Unheated beverages, other than soft drinks, such as:
 - milk, chocolate milk, and diet shakes;
 - vegetable juices;
 - fruit drinks that contain 70% or more natural juice; and
 - iced tea and iced coffee.
- Hot beverages, including coffee, tea, cocoa, and broth.

To learn more, see Tax Bulletins [Food and Food Products Sold by Food Stores and Similar Establishments \(TB-ST-283\)](#), [Sandwiches \(TB-ST-835\)](#), and [Beverages Sold by Food Stores, Beverage Centers, and Similar Establishments \(TB-ST-65\)](#).

Collecting and remitting the sales tax

If you are selling any taxable food or beverages, you must collect the sales tax. You also must register for sales tax purposes and file sales tax returns to remit the tax you collected.

To learn more, see the following Tax Guidance Bulletins:

- [Do I Need to Register for Sales Tax? \(TB-ST-175\)](#)
- [How to Register for New York State Sales Tax \(TB-ST-360\)](#)
- [Filing Requirements for Sales and Use Tax Returns \(TB-ST-275\)](#)

Computing sales tax on sales made from vending machines

If you are selling taxable food or beverages:

- include the amount of the sales tax in the selling price of the item, and
- use the sales tax rate in the local taxing jurisdiction where the machines are located.

To file your sales tax returns, you'll need to separate the amount of sales you made from the sales tax you collected. To do this, divide the total amount of your sales subject to sales tax (which will include the sales tax collected) by one plus the sales tax rate in the particular jurisdiction, expressed as a decimal.

Example: You operate some vending machines in Albany. Your total sales during the last sales tax period totaled \$15,984. Of these sales, \$9,624 was for sales subject to sales tax, including the tax collected. The sales tax rate in the local jurisdiction where

the machines are located is 8%. Expressed as a decimal, 8% is equal to .08. Add 1 to the rate, equaling 1.08. Use this number as the denominator in a fraction with \$9,624 as the numerator.

$$\frac{\$9,624 \text{ (taxable sales including sales tax collected)}}{1.08 \text{ (sales tax rate plus 1)}} = \$8,911.11 \text{ (taxable sales)}$$

The result of this computation is the amount of your taxable sales, \$8,911.11. Report this amount on your sales tax return on the Albany County line in the *Taxable sales and services* column. To compute the sales tax due, multiply your taxable sales (\$8,911.11) by the combined state and local tax rate (8%). In this example, the resulting tax due is \$712.89. This is the amount of sales tax that you must report and pay with your periodic sales tax return.

You must repeat the computation for each local taxing jurisdiction where you operate vending machines, using the sales tax rate in that jurisdiction expressed as a decimal plus one, as described above. See Tax Bulletin [Sales Tax Rates, Additional Sales Taxes, and Fees \(TB-ST-825\)](#) for more information.

For a listing of sales tax rates see Tax Bulletin [Sales Tax Rate Publications \(TB-ST-820\)](#), or use the online [Sales Tax Jurisdiction and Rate Lookup](#).

Note: A Tax Bulletin is an informational document designed to provide general guidance in simplified language on a topic of interest to taxpayers. It is accurate as of the date issued. However, taxpayers should be aware that subsequent changes in the Tax Law or its interpretation may affect the accuracy of a Tax Bulletin. The information provided in this document does not cover every situation and is not intended to replace the law or change its meaning.

References and other useful information

Tax Law: Sections 1105(a); 1105(d)(i)(3); and 1115(a)(1)

Memoranda: [TSB-M-14\(7\)S](#), *Increase in the Exemption for Vending Machine Sales of Certain Food and Drink*

Bulletins:

- [Beverages Sold by Food Stores, Beverage Centers, and Similar Establishments \(TB-ST-65\)](#)
- [Candy and Confectionery \(TB-ST-103\)](#)
- [Do I Need to Register for Sales Tax? \(TB-ST-175\)](#)
- [Filing Requirements for Sales and Use Tax Returns \(TB-ST-275\)](#)
- [Food and Food Products Sold by Food Stores and Similar Establishments \(TB-ST-283\)](#)
- [How to Register for New York State Sales Tax \(TB-ST-360\)](#)
- [Listings of Taxable and Exempt Foods and Beverages Sold by Food Stores and Similar Establishments \(TB-ST-525\)](#)
- [Sales Tax Rate Publications \(TB-ST-820\)](#)
- [Sales Tax Rates, Additional Sales Taxes, and Fees \(TB-ST-825\)](#)
- [Sandwiches \(TB-ST-835\)](#)