ADMINISTRATIVE GUIDELINES
ESSENTIAL FOOD SALES TAX EXEMPTION
Procedure 444

Effective November 20, 2025

> *69.05.040(44) Sales of essential food. As used in this section, "essential food" means: Sales of essential food as defined by the Food and Nutrition Act of 2008, 7 USC § 2012(k).*

Essential Food

As defined by the Food & Nutrition Act of 2008 7 USC § 2012(k), "Food" means:

(1) any food or food product for home consumption **except** alcoholic beverages, tobacco, hot foods, or hot food products ready for immediate consumption.

(2) seeds and plants for use in gardens to produce food for personal consumption.

Food items qualifying for this sales tax exemption are based on the definition of "Food" found in the Food & Nutrition Act of 2008, which established and governs the Federal Food Stamp program aka the SNAP program.

Only food or food products for home consumption are allowable purchases under the SNAP program. Additionally, hot foods or hot food products ready for immediate consumption cannot be purchased under the SNAP program.

Based on the SNAP definition of food and the intent of the ballot measure, only foods or food products for home consumption are eligible for the essential food exemption. **Foods or food products purchased at a restaurant or other similar establishments do not qualify for the exemption**, as they are not intended for home consumption. Foods or food products purchased from a restaurant are purchased "ready for immediate consumption," regardless of where they are actually consumed, and as such would be subject to the CBJ Sales Tax.

Merchant's responsibility for documentation of exempt sales

Receipt requirements:

For every transaction, you must provide the customer with a receipt that contains the following information:

- Store name and address.
- Transaction date.
- Itemized breakdown of taxable vs. non-taxable items.
- Total tax charged.

General requirements:
Taxpayers are required to maintain all books and records in a systematic manner consistent with generally accepted accounting principles. Records must be made available upon request by the Sales Tax Office to verify:

Gross Sales:
The total gross sales from all sources, including barter or exchange transactions, whether taxable or exempt. These amounts must be supported by source documentation, such as purchase and sales invoices, contracts, or such other documents as may be necessary to substantiate gross sales.

Exemptions, Deductions, or Credits:
All claimed deductions, exemptions, or credits must be supported by the documentation required by the CBJ code, administrative guidelines, or other substantiating records.

The records kept, preserved, and presented must include the normal books of account maintained by an ordinary, prudent businessperson. Such records may include general ledgers and sales journals, together with all bills, invoices, cash register tapes, or other documents of original entry supporting the books of account entries. The records shall include all federal tax returns and reports, and all schedules or work papers used to prepare the sales tax returns.

Examples of Exempt and Taxable Products
(This list is not all-inclusive.)

PRODUCT	EXEMPT	TAXABLE
Alcoholic Beverages		**X**
Alfalfa seed	**X**	
Artificial Sweetener	**X**	
Bakery Cakes	**X**	
Birthday Cakes	**X**	
Bread – still warm from baking	**X**	
Breads	**X**	
Candy	**X**	
Cereals	**X**	
Cod Liver Oil as a supplement		**X**
Cookies	**X**	
Cooking Wine	**X**	
Cough Drops		**X**
Crabs, cooked hot		**X**
Dairy Products	**X**	
Distilled Water	**X**	
Dry Ice		**X**
Energy Drinks (that have a **Nutritional** Facts Label)	**X**	
Energy Drinks (that have a **Supplemental** Facts Label)		**X**
Flax Oil as a supplement		**X**
Flaxseed	**X**	
Food that will be eaten at the store		**X**
Fruits	**X**	
Gift Baskets (IF Non-food items value does NOT exceed 50%)	**X**	
Gourds, Used for Ornamental Purposes		**X**
Honey	**X**	
Hot Foods		**X**
Ice Cream	**X**	
Items that carry a Nutritional Facts Label	**X**	
Live Lobster and other shellfish	**X**	
Milk Substitute Products	**X**	
Pet Food		**X**
Plants that produce food for the household to eat	**X**	

PRODUCT	EXEMPT	TAXABLE
Prepared Sandwiches, Cold, for *Home Consumption*	**X**	
Prepared Sandwiches, Cold, for *Immediate Consumption* from an Eating Establishment or Restaurant		**X**
Pumpkins	**X**	
Pumpkins used for ornamental purposes		**X**
Restaurant Meals		**X**
Salad Bar Foods, Cold, FOR OFF-PREMISES Consumption	**X**	
Seafood	**X**	
Seeds that produce food for the household to eat	**X**	
Snack Crackers	**X**	
Soft Drinks	**X**	
Special Occasions Cakes	**X**	
Steak	**X**	
Tobacco		**X**
Vegetables	**X**	
Vitamins		**X**