

Soft Drinks and Other Beverages

Taxable Subcategory of Food—See Fact Sheet 102A

102C

Sales Tax
Fact Sheet

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"> • Agave • Aspartame • Barley malt • Corn syrup • Dextrose • Evaporated cane juice • Fructose • Fruit juice concentrate • Honey • Invert sugar • Maltitol • Molasses • Rice syrup • Stevia • Saccharin • Sucralose • Sucrose • Other artificial or natural sweeteners 	<p>Taxable</p>	<ul style="list-style-type: none"> • Bottled or canned water that contains sweeteners • Coffee and tea drinks that contain sweeteners • Fruit ades, drinks, or nectars that contain sweeteners and have 50 percent or less fruit juice or no fruit juice percent shown on label • Nonalcoholic beer or near beer, such as O’Doul’s and Sharps (contains barley malt) • Pedialyte • Sports drinks (Gatorade, Powerade, etc.) • Soda pop • Sparkling Catawba grape juice containing sweeteners and 50 percent or less fruit juice
<ul style="list-style-type: none"> • Milk or milk products • Soy, rice, or similar milk substitutes • More than 50 percent vegetable or fruit juice by volume, even if they contain sweeteners • No specific sweetener listed but lists “natural flavor”, “essence,” or “spice” 	<p>Not taxable (for exceptions, see “Additional Information on the next page)</p>	<ul style="list-style-type: none"> • Apple cider • Beverage powders or concentrates • Bottled or canned water with no sweeteners • Coffee beans or grounds and tea leaves • Nutritional drinks that contain milk or milk substitutes • Frappuccino ® (contains milk) • Milk and drinks that contain milk

* **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 sold from a vending machine, or 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 Fact Sheet 137, Restaurants and Bars.

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. Examples include O'Doul's and Sharp's.

Additional information

Any beverage listed as exempt in this fact sheet becomes taxable when it is:

- sold from a vending machine, or
- served in a glass, cup, or pitcher.

For details, see Fact Sheet 158, Vending Machines and Other Coin-Operated Devices, and Fact Sheet 137, Restaurants and Bars.

Ice

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

Dry ice is taxable.

Note: Any brand names shown in this fact sheet are for illustration purposes only and do not imply sole representation in any category.

Legal References

Minnesota Statutes 297A.61, subd. 32, Soft Drinks
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
137, Restaurants and Bars
158, Vending Machines and Other Coin-Operated Devices