

Food Products

About this Guide

The information in this *Guide* explains how Retail Sales Tax (RST) applies to food products. Please note that this *Guide* replaces the previous version dated March 1998.

Food Products Defined

Food products are for human consumption and include “poultry or other livestock purchased for human consumption, insulin, vitamins, artificial sweeteners and any dietary supplement or adjunct that is not a drug or medicine.”

Taxable Food Products

The following are examples of food products on which RST is to be charged:

- alcoholic beverages, including liquor, beer and wine
- biscuits or wafers specifically packaged and marketed to compete with chocolate bars
- candy, including marshmallows, chocolate bars and dietetic candy
- chewing gum
- confections, such as chocolate-coated nuts, carob-coated or yogurt-coated fruit
- ice cream, including ice milk, sherbet, frozen yogurt, frozen custard, sundaes, ice cream bars, and popsicles. These items are all taxable when sold in prepackaged individual servings. Hand-scooped and machine dispensed ice cream is a prepared food product and exempt from RST if sold for \$4.00 or less.
- malt and malt extracts
- prepared food products purchased from an eating establishment if the total selling price is more than \$4.00. Please refer to ***RST Guide 300 - Prepared Foods*** for further details.
- root beer extracts
- snack foods, such as potato chips, granola bars, pretzels and popcorn. Please refer to ***RST Guide 501 - Snack Foods, Beverages, and Candies*** for further information.
- soft drinks, including carbonated drinks, flavoured fruit beverages and crystals, fruit drinks containing less than 25% natural fruit juice, carbonated fruit juice containing more than 25% fruit juice, and soda water, sparkling water, mineral water or natural water if sold in containers holding one litre or less. These drinks are all taxable **except** when sold with prepared food products for a total charge of \$4.00 or less.

Tax-Exempt Food Products

The following are examples of food products that are exempt from RST:

- baking powder
- baking soda
- beef jerky, pepperoni and salami sticks, etc., (usually shrink-wrapped)
- bitters sold in grocery stores
- bones
- bread
- candied peel for cooking
- cereals
- chocolate for cooking
- cocoa and chocolate drink powders
- coffee, including decaffeinated coffee and coffee substitutes
- cooking oils and fats, including spray shortening
- cooking wine
- corn syrup
- dairy products: butter, cheese, milk, etc.
- dairy substitutes, such as coffee whiteners made of edible oil products
- dietary supplements that are not a drug or medicine
- edible decorations specifically designed for cakes and other baked goods
- eggs
- fish: fresh, frozen, canned, dried, etc.
- flour
- food colouring, flavourings, and seasonings
- fruit: fresh, frozen, canned, dried, etc.
- fruit juice and fruit drinks containing 25% or more natural fruit juice (non-carbonated only)
- gelatine
- honey
- ice cream, sherbet and frozen yogurt in bulk packages of a half litre or more, but **not** in individual servings
- jams and jellies
- lard
- malted milk powders
- maple syrup
- maraschino cherries
- margarine
- meal replacement bars, powders, and shakes consumed by individuals in lieu of meals
- meats: fresh, frozen, canned, smoked, etc., but **not** heated for takeout or immediate consumption
- meat tenderizer
- monosodium glutamates
- nuts: plain or unsalted, but **not** nuts coated with sugar, honey, chocolate or other material
- pickles
- popping corn
- rice
- spices
- sugar and sugar substitutes
- table salt and salt substitutes, but not de-icing or water softening salt
- tea, including fruit-flavoured and/or sweetened crystals, and canned iced tea
- vanilla and other extracts used in baking
- vegetables: fresh, frozen, canned, dried, etc.
- vitamins and minerals
- water: soda, sparkling water, mineral water and natural water sold in containers holding more than a litre
- wheat flakes
- wheat germ and wheat germ oil
- yeast
- yogurt and yogurt tablets.

Other Products

Drugs And Medicines

Food products include any dietary supplement or adjunct that is **not** a drug or medicine. RST must be charged on patent medicines, such as throat lozenges, appetite suppressants, stimulants, tonics, and on any other product marketed with a claim to correct or modify bodily functions, unless sold on the prescription of a physician or dentist.

Purchases of pet foods, pet food supplements, and insecticides and pesticides for external use on pets are subject to 8% RST, whether or not they are sold under the prescription of a physician or veterinarian.

Herbal or Natural Products

Substances or mixtures of substances that may be used for the diagnosis, treatment, mitigation or prevention of disease or that may be used in restoring, correcting or modifying bodily functions are regarded as drugs or medicines and are subject to RST.

Any dietary supplement or adjunct, including herbs and enzymes sold in capsule or tonic form, whose product label contains information claiming that the product will restore, correct, modify, or the like, a bodily function is considered a drug or medicine for the purposes of the *Retail Sales Tax Act* and is subject to RST.

Exempt food products such as vitamins or tea remain exempt regardless of any claims made on a product label that the product will restore, correct, modify, or the like, a bodily function.

The term “for therapeutic use” does not in and of itself render a product taxable. The information on the product label must make a claim to restore, correct, modify, or the like, a bodily function.

Cosmetics, skin care items, and dried herbs and oils sold for external use only, are not food products and are subject to RST.

Low Alcohol Wines And Beer

Low alcohol beer, wine (carbonated), and sparkling wine coolers meet the definition of a soft drink and are taxable at the rate of 8%. If sold by an eating establishment, these drinks are not taxable when sold with prepared food products for a total charge of \$4.00 or less.

Non-carbonated low alcohol wine is a fruit juice and is exempt from RST, unless it is sold with prepared food products for a total charge of more than \$4.00.

For Further Information

The information contained in this publication is only a guideline. For further information, please contact the nearest Ontario Ministry of Finance Tax Office listed in the blue pages of your telephone directory, call our TAX FAX service at 1-877-4-TAX-FAX (1-877-482-9329), or visit our Web site at www.trd.fin.gov.on.ca.

*Ce guide est disponible en français sous le nom « Produits alimentaires, n° 500F ».
Vous pouvez obtenir un exemplaire en appelant le 1-800-668-5821.*