



Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

AUGUST 2017

How to tax soft drinks and other beverages

What beverages are exempt from sales tax?

Beverages sold in sealed containers that contain any of the following are exempt from sales tax:

- milk
- milk products
- milk substitutes
- 50 percent of vegetable juice (by volume)
- 50 percent of fruit juice (by volume)

Frozen, powdered, or concentrated beverages are also exempt from sales tax.

What beverages are subject to sales tax?

Effective August 1, 2017, sales of bottled water are subject to sales tax. For more information, see our [Special Notice: Bottled water subject to sales tax](#).

- prepared beverages such as hot and iced coffee/tea, fountain or blended drinks
- bottled water
- beer and wine
- soft drinks (sweetened, 50% or less fruit/vegetable juice, no milk or milk substitutes), including:
 - sports drinks
 - bottled tea/coffee, sweetened, no milk
 - lemonade
 - soda pop
 - tonic water
 - flavored water with sweeteners
 - “juices” with 50 percent or less fruit juice
 - “energy” drinks

Spirits — Spirits are not included in the definition of “food and food ingredients.” Sales of spirits in the original package are subject to the spirits sales tax and the spirits liter tax. See the department’s website for more information on taxing spirit sales.

Food Stamps — Eligible foods purchased with food coupons (under the Supplemental Nutrition Assistance Program) are exempt from sales tax. This includes otherwise taxable soft drinks.

For more information about selling food products, read Washington Administrative Code (WAC) 458-20-244 titled [Food and food ingredients](#). You can also contact the department at 360-705-6705.