Although they differ in size, all grocery stores have something in common: the inventory is composed of many different items. Tax may apply to the sale of these items depending on what the item is and how it is sold.

It is essential to understand the taxability of sales of food, merchandise, and other products that grocery stores sell.
The CDTFA’s Tax Guide for Grocery Stores will help you understand how tax applies to:

- Coupons and rebates
- Cigarette, tobacco, and alcohol products
- Items purchased with food stamps
- Combination food packages
- Prescription and over-the-counter medications
- Hot and cold food sales
- Items purchased for resale
- And much more

Helpful Tax Tips for Grocery Stores

Vitamin enhanced water

Noncarbonated, vitamin enhanced water beverages and sport drinks that come in packages similar in size and volume to nonenhanced bottled water are generally considered food products. Your sales of these products on a to-go basis are generally not subject to tax.

Noncarbonated bottled water is a food product. The compounding of nutritional elements, such as vitamins, in an item traditionally accepted as food, such as vitamin enriched bread, does not alone render the product taxable nor does including the word “vitamin” in a food product name, description, or product advertising.