



# Illinois Department of Revenue

# Informational Bulletin

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**Director of Revenue**

## Recent Sales and Use Tax changes affecting candy, personal grooming and hygiene products, and soft drinks

To: All retailers

### For information or forms...

- Call us at:  
**1 800 732-8866** or  
**217 782-3336**
- Call our TDD (telecommunications device for the deaf) at:  
**1 800 544-5304**
- Write us at:  
 Illinois Department of Revenue  
 P.O. Box 19044  
 Springfield, IL 62794-9044
- Visit our web site at:  
**tax.illinois.gov**
- Call our 24-hour Forms Order Line at:  
**1 800 356-6302**

This bulletin is written to inform you of recent changes; it does not replace statutes, rules and regulations, or court decisions.

**Beginning September 1, 2009**, the tax base of three classes of merchandise will change. These items will be taxed as general merchandise (high rate) instead of being taxed as food and medicine (low rate). The following items must be taxed as general merchandise (high rate) on Form ST-1, Sales and Use Tax Return, Step 3, Line 4a, and Form ST-2, Line 4a.

For Use Tax, these changes will be reported on Form ST-1, Line 6a.

### What items are affected by this change?

#### Candy —

Candy has a broad definition. For Illinois taxing purposes, candy is a preparation of sugar, honey, or other natural or artificial sweeteners, in combination with chocolate, fruits, nuts or other ingredients, or flavorings in the form of bars, drops, or pieces. Examples include, but are not limited to,

- chocolate bars,
- yogurt or chocolate covered fruit or nuts,
- honey coated nuts,

- caramel popcorn,
- lollipops,
- snack mixes containing yogurt or chocolate,
- breath mints, and
- gum.

**Exception:** Items that contain flour or require refrigeration are not considered candy. Examples include, but are not limited to,

- chocolate covered cookies,
- yogurt covered pretzels,
- “candy” that contains flour,
- plain dried fruits, and
- nuts with no added sweeteners.

### How do I make the determination?

You must check the ingredients label or package. If an item contains flour or requires refrigeration, it remains taxed as food (low rate). If an item contains sugar, it is taxed as general merchandise (high rate).



### **Personal grooming and hygiene products —**

Grooming and personal hygiene products for humans are taxed as general merchandise (high rate) whether or not they make a medicinal claim, unless sold as a result of a prescription. Products affected by this change include, but are not limited to,

- body soap and cleansers,
- shampoo,
- toothpaste,
- mouthwash,
- antiperspirant, and
- suntan lotion and screens.

### **Soft drinks —**

The definition of “soft drink” has changed. “Soft drink” is any non-alcoholic beverage containing natural or artificial sweeteners. This includes, but is not limited to,

- soda,
- sport or energy drinks,
- sweetened tea,
- waters containing natural or artificial sweeteners,
- beverages containing 50 percent or less fruit or vegetable juice, and
- all other preparations commonly known as soft drinks.

**Exception:** “Soft drink” does not include any beverage containing milk or milk products, soy, rice or similar milk substitutes, unsweetened teas, drinks with greater than 50 percent of vegetable or fruit juice by volume, and carbonated or uncarbonated water that contains no natural or artificial sweeteners. These remain reported on Form ST-1, Step 3, Line 5a, and taxed as food (low rate).

**Note:** All beverages sold at a restaurant remain taxed as general merchandise (high rate).

### **How do I make the determination?**

You must check the ingredients label or package. If an item contains milk or milk products or does not contain natural or artificial sweeteners, it is taxed as food (low rate).

### **Do these changes affect the Chicago Soft Drink Tax?**

**Yes.** The broader definition of “soft drink” also applies to the Chicago Soft Drink Tax. The “soft drinks” previously identified as moving from low rate to high rate taxation will now be subject to the Chicago Soft Drink Tax. The rate for that tax remains at 3 percent (.03) and reported on Form ST-14, Chicago Soft Drink Tax Return.

See Publication 116, Chicago Soft Drink Tax, for more information regarding this local tax.

### **What if I have questions?**

The department will answer taxpayer questions from the TaxTalk section on our Web site at [tax.illinois.gov](http://tax.illinois.gov).

If you prefer, you can use the contact information on Page 1 of this bulletin.

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