

Sales of vitamin enhanced water are not taxable

This is a clarification to the article written in the September 2008 Tax Information Bulletin concerning sales of vitamin enhanced water beverages. The article previously stated:

“...sales of vitamin enhanced water beverages are taxable when these products’ labels, packaging or product literature make specific medicinal claims...”

For clarification, a medicinal claim made on a food products’ label by a manufacturer does not necessarily render the food product taxable. Instead, the product must actually be a medicine to not qualify for the food products exemption.

Sales of non-carbonated, vitamin enhanced, water beverages are not subject to tax because they are considered food products. Medicinal claims made on these water beverages’ labels do not change their classification food products. The compounding of nutritional elements, such as vitamins, in an item traditionally accepted as food does not render the product taxable nor does including the word “vitamin” in a food product name, description, or product advertising.

Sales of products in liquid, powdered, granular, tablet, capsule, lozenge, or pill form and described on their package as food supplements, food adjuncts, dietary supplements, or dietary adjuncts are subject to tax. Such products include, but are not limited to, over-the-counter vitamins, liquid vitamins, and concentrated vitamin boosts, shots, etc. which are designed to give a quick concentrated boost or shot of vitamins and/or energy.

For additional information, please see Regulation 1602, *Food Products* or by calling our Taxpayer Information Section at 800-400-7115.