



This Week in State Tax (TWIST)

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Multistate: Sales Tax on Food Reduced in Kansas and Virginia Effective January 1, 2023

Recently, the Kansas Department of Revenue Issued Public Notice No. 22-15, addressing the reduction of the state sales and compensating use tax on food and food ingredients effective January 1, 2023. Under current law, state sales tax of 6.5 percent is imposed on food and food ingredients. In addition, cities and counties impose local sales tax on food and food ingredients at various rates. On January 1, 2023, the state sales tax rate on food and food ingredients will be reduced to 4.0 percent. Beginning on January 1, 2024, the state sales tax rate on such products will be reduced to 2.0 percent. The state sales tax rate on food and food ingredients will further be reduced to zero on January 1, 2025. Sales of food and food ingredients remain subject to local sales taxes imposed by cities and counties.

In Virginia, food for home consumption and essential personal hygiene products are currently taxed at a reduced 2.5 percent rate. This rate is comprised of a 1.5 percent state tax and the statewide 1.0 percent local option tax. Beginning January 1, 2023, the 1.5 percent state rate levied on food and essential personal hygiene products is eliminated. Food and essential personal hygiene products will continue to be subject to the 1.0 percent local option tax and will continue to be exempt from all regional and additional local tax rates. Sales of food and essential personal hygiene products made on or after January 1, 2023 will be subject to the new reduced tax rate. Items delivered to a purchaser and paid for on or after January 1, 2023 will be taxed at the 1.0 percent rate, regardless of when the property was ordered. The decreased rate will not apply to items delivered prior to January 1, 2023, but paid for on or after January 1, 2023. The new rate will be reflected on the January 2023 sales tax return, due February 20, 2023. Please stay tuned to TWIST for future updates on sales tax rate changes.



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