

Can I exclude receipts from the sales of groceries?

Answer: A taxpayer may exclude receipts from the retail or wholesale sale of groceries.

For purposes of the CAT, “groceries” are food and food items that would be eligible for purchase with Supplemental Nutrition Assistance Program (SNAP) benefits. Essentially, groceries are food and beverages purchased for home consumption. Food-producing seeds and plants for use in the purchaser’s garden are also groceries. Receipts from the [wholesale](#) or [retail sale](#) of groceries are excluded from the seller’s commercial activity. See [ORS 317A.100\(8\)](#) for further information.

The U.S. Department of Agriculture provides further information on its [website](#) on what type of food is eligible for purchase with SNAP benefits.

The grocery exclusion does not apply to certain items, such as alcoholic beverages, tobacco, cannabinoid edibles, marijuana seeds, food that is hot at the point of sale, and hot food products ready for immediate consumption. Taxpayers must include receipts from these sales in their commercial activity.

Retail Sales of Groceries

A taxpayer may exclude receipts from the retail sale of groceries, provided that the sale meets the following requirements:

Requirement 1: The sale is of a grocery item that would be eligible for purchase with SNAP benefits, and

Requirement 2: The seller typically intends or expects that the sale of food to the purchaser is for home consumption by the purchaser.

A seller that typically sells grocery items to final consumers for home consumption is determined based on factors such as (but not limited to):

- The average gross receipts from the sale of groceries compared to receipts from the sale of hot food or prepared food.
- Whether the business offers on-site dining facilities or space, and if so, whether the percentage of floor space dedicated to dining is greater than the percentage of floor space dedicated to shelves displaying groceries available to customers for retail sale.
- Business advertising and marketing.

Example: A bottle of water is sold at a movie theater concession counter. A bottle of water is a type of beverage that is eligible for purchase with SNAP benefits and, therefore, meets Requirement 1. However, items sold at movie theater concession counters are not typically intended for consumption at the purchaser’s home. As such, the transaction does not meet

Requirement 2. The receipts from this sale do not qualify for the exclusion for groceries. Therefore, the seller must include receipts from the sale of the bottle of water in its commercial activity.

If you are a qualified SNAP retailer, with a current permit from the U.S. Department of Agriculture to accept SNAP benefits, you may exclude receipts from the sales of **SNAP-eligible** food sold from the qualified retail store (regardless of whether the groceries were purchased with SNAP benefits). If you are not a qualified SNAP retailer, you may still exclude receipts from the retail sales of grocery items, provided that the items are intended for, or typically sold to, the final consumer for home consumption.

Sales of meals and food products by restaurants, cafes, delicatessens, coffee shops, and similar establishments are not considered retail sales of groceries. The retail grocery exclusion does not apply to any food or food products sold to consumers by a store or other establishment if that establishment's receipts from sales of hot food are more than 80 percent of their total receipts from all sales of all food items (receipts from both hot and cold food items).

For further information on excludable retail sales of groceries, including examples, please refer to [Oregon Administrative Rule \(OAR\) 150-317-1150: Retail Sales of Groceries Exclusion](#).

Wholesale Sales of Groceries

A taxpayer may exclude receipts from the wholesale sale of groceries provided that the sale meets all of the following requirements:

Requirement 1: The sale is a wholesale sale.

Requirement 2: The sale is of a food item that would be eligible for purchase with SNAP benefits and is in a form that can be resold to the end consumer for home consumption.

Requirement 3: The sale must be made for the purpose of reselling the food item, without processing, to the final retail consumer for consumption at home.

Please note: Processing means transforming or changing the physical characteristics of the food item, including incorporation or consumption of an item as an ingredient or component in the production or manufacture of another item.

Requirement 4: The taxpayer making the wholesale sale must obtain written certification from the purchaser that the grocery items will be resold at retail without processing and are intended for, or typically purchased by, the final consumer for home consumption.

Any document may serve as verification, provided that it contains the date of the purchase, the purchaser's name and address, the items purchased, and purchase amount, and verification from the purchaser of the amount of the purchase that will be resold, without processing, to the final consumer for home consumption. A wholesale seller may use a

contract, invoice, sales receipt, or any other document as written certification, provided that it contains the required information.

A wholesale seller is not required to obtain separate verification if the purchase was made for the purpose of resale without further processing, *and*

- A. The purchaser is a qualified SNAP retailer with a current permit to accept SNAP benefits from the U.S. Department of Agriculture; or
- B. The purchaser is a store that meets the required qualifications to be a SNAP retail food store under 7 U.S.C. 2012(o)(1), (2), (4) or (5).

The wholesale seller must retain documentation that, at the time of sale, the items were sold and delivered to a purchaser that meets the requirements in (A) or (B). The U.S. Department of Agriculture provides a list of all qualified SNAP retailers on its [website](#).

For further information on excludable wholesale sales of groceries, including examples, please refer to [OAR 150-317-1140: Wholesale Sale of Groceries Exclusion](#).