

ST 25-0065-GIL 12/05/2025 FOOD AND MEDICINE

This letter discusses the tax rates applicable to sales of food and medicine before elimination of the State 1% grocery tax and after implementation of county and municipal 1% grocery taxes. 35 ILCS 120/2-10; 55 ILCS 5/5-1006.9; 65 ILCS 5/8-11-24; 86 Ill. Adm. Code 130.310. (This is a GIL).

December 5, 2025

NAME

COMPANY

EMAIL

Dear NAME:

This letter is in response to your letter dated October 28, 2025, in which you requested information. The Department issues two types of letter rulings. Private Letter Rulings (“PLRs”) are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department’s regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter (“GIL”) is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at <https://tax.illinois.gov/> to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

I am writing to seek clarification regarding the taxability of dietary supplements in Illinois, effective January 1, 2026.

Currently, under the state’s general regulations, dietary supplements that meet Illinois’ definition of “food” are subject to the reduced 1% sales tax rate. Per the attached June 4, 2024 letter ruling, “Since not many vitamins or food supplements or meal replacement drink mixes are likely to make medicinal claims, they would not qualify as a medicine or drug; however, such items would be considered to be food subject to 86 Ill. Adm. Code 130.310.”

December 5, 2025

Could you please confirm whether this 1% reduced rate treatment will continue after January 1, 2026, or if any changes are planned that would affect the taxability of dietary supplements?

DEPARTMENT'S RESPONSE:

The Retailers' Occupation Tax Act ("Act") imposes two State tax rates. Qualifying food, drugs, medicines, medical appliances, and Class III medical devices, for human use, are taxed at a lower State rate of 1%, plus any applicable local taxes. Items that do not qualify for the low rate of tax are taxed at the general merchandise rate of 6.25%, plus applicable local taxes. However, beginning on January 1, 2026, food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, and food that has been prepared for immediate consumption) will be exempt from State Occupation and Use taxes. See 35 ILCS 115/3-5(37), 35 ILCS 120/2-5(49), and 35 ILCS 105/3-5(44), as amended by P.A. 103-781.

The Department's rule defines "food" as any solid, liquid, powder or item intended by the seller primarily for human internal consumption, whether simple, compound or mixed, including foods such as condiments, spices, seasonings, vitamins, bottled water and ice. 86 Ill. Adm. Code 130.310(c)(1). A "medicine or drug" is "any pill, potion, salve, or other preparation intended by the manufacturer for human use and which purports on the label to have medicinal qualities." 86 Ill. Adm. Code 130.311(c). If vitamins, food supplements or meal replacement drink mixes are for human use and purport on the label to have medicinal qualities, such items are considered to be drugs and are taxed at the low rate of 1%. Since not many vitamins, food supplements or meal replacement drink mixes are likely to make medicinal claims, they would not qualify as a medicine or drug; however, such items would be food subject to the 1% rate until January 1, 2026. 86 Ill. Adm. Code 130.310.

Public Act 103-781 eliminated the 1% State tax on qualifying food effective January 1, 2026, but the Regional Transportation Authority (RTA) and Metro-East Mass Transit District (MED) taxes on qualifying food remain in effect. The new Municipal Grocery Occupation Tax Law (65 ILCS 5/8-11-24) and County Grocery Occupation Tax Law (55 ILCS 5/5-1006.9) authorizes municipalities and counties to impose a local grocery tax at the rate of 1% by ordinance, to take effect beginning January 1, 2026. "Groceries" under these new laws includes the same food items that qualify for the State 1% rate prior to January 1, 2026, including dietary supplements that do not make medicinal claims. See 55 ILCS 5/5-1006.9(h) and 65 ILCS 5/8-11-24(h).

COMPANY/NAME

Page 3

December 5, 2025

For grocery sales, including destination-based sales, at locations where a municipal or county grocery tax has been imposed beginning January 1, 2026, the tax rate will be the same as it was when the 1% State rate was in effect prior to January 1, 2026. The only change beginning January 1, 2026, will be the line used to report grocery receipts on Form ST-1. However, for groceries sold at locations outside of the RTA and MED in municipalities or counties without a grocery tax, retailers will continue to report gross receipts from grocery sales but deduct them on Schedule A when determining taxable receipts. For more information, please see PIO-115, Tax Rate Information for Retail Sales of Food and Medicine.

I hope this information is helpful. If you require additional information, please visit our website at <https://tax.illinois.gov/> or contact the Department's Taxpayer Information Division at 800-732-8866.

Very truly yours,

Edward Mroczkowski
Associate Counsel

EM:slc