



Tax Rates

Illinois has two types of tax rates for retail sales of food and medicine. The high rate of tax is the State tax of 6.25%, plus local taxes, if applicable. This rate applies to all non-food general merchandise but also includes food and drink items such as alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, candy, and food that has been prepared for immediate consumption.

The low rate of tax for qualifying food, drugs, and medical appliances is one-percent (1%) which includes food for human consumption that is to be consumed off the premises where it is sold (*i.e.*, “groceries”) and prescription and non-prescription medicines and drugs.

Effective January 1, 2026, the State of Illinois will eliminate the one-percent (1%) sales and use tax on retail sales of groceries. This change in law also authorizes municipalities and counties to impose a local grocery tax rate of exactly one-percent (1%) by ordinance. See **Public Act 103-0781**. The current local tax on sales of grocery food made at a location within the Regional Transportation Authority (RTA) or Metro-East Mass Transit District (MED) has not been eliminated.

General Information about the Term “Groceries”

Prior to January 1, 2026, food items taxed at the one-percent (1%) State-wide rate (low rate) were described by the Illinois Department of Revenue (IDOR) as “qualifying food.” As of January 1, 2026, “qualifying food” is described as “groceries” under the new local taxing authority statutes.

“Groceries” is defined as 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, candy, or food that has been prepared for immediate consumption).

“Groceries” authorized to be taxed at the one-percent (1%) rate by municipalities and counties beginning January 1, 2026, are identical to the “qualifying food” items taxed under State’s one-percent (1%) rate prior to January 1, 2026.

Retailer Responsibilities for Sales of Groceries On or After January 1, 2026

Retailers are responsible for verifying if the municipality or county where their business is located has imposed a local grocery tax. If it has imposed a local grocery tax, the tax rate on groceries will remain the same as the rates that were in effect prior to January 1, 2026. The only change will be the line on the tax return on which you report grocery taxes. To verify your combined sales tax rate (which includes State and local sales taxes), visit the **MyTax Illinois Tax Rate Finder** at mytax.illinois.gov and select the rates for the applicable period.

Retailers making destination-based sales of groceries will have to determine whether a local grocery tax is imposed, and, just like they currently do for grocery sales to the RTA or MED locations, collect and remit the local grocery tax.

For grocery sales, including destination-based sales, at locations where a grocery tax has been imposed on or after January 1, 2026 (including the RTA, MED, and any municipality or unincorporated area of a county where a local grocery tax has been imposed), the list in this publication can be used as a guide for determining which items to report on Line 5c, the new “grocery” line on Form ST-1, Sales and Use Tax and E911 Surcharge Return and, if applicable, Form ST-2, Multiple Site Form.

For groceries sold at locations outside of the RTA and MED in municipalities or counties where a local grocery tax is NOT imposed, retailers will continue to report gross receipts from grocery sales but will itemize and deduct them on Schedule A, Line 16, when calculating tax due.

For more information, see:

- **Form ST-1 and Form ST-2 Instructions,**
- **Informational Bulletin FY 2026-03, Illinois Grocery Tax Changes Effective January 1, 2026,**
- **PIO-119, Grocery Receipts Reporting on Form ST-1 and Form ST-2 Chart, and**
- **PIO-101, Illinois Sales & Use Tax Matrix.**

Test to Determine Applicable Rate

The rate at which food is taxable is determined as follows:

- 1) If retailers provide seating or facilities for on-premises consumption of food, all food sales are presumed to be taxable at the high rate as “food prepared for immediate consumption.” However, this presumption can be rebutted by evidence that both of the following statements are true:
 - A) The area for on-premises consumption is physically separated or otherwise distinguishable from the area where food not for immediate consumption is sold.
 - B) The retailer utilizes a means of recording and accounting for collection of receipts from the sales of food prepared for immediate consumption (high rate) and the sales of food that are not prepared for immediate consumption (local grocery tax rate, if imposed).
- 2) If a retailer does not provide seating or facilities for on-premises consumption of food, then the local grocery tax rate, if imposed, will be applied to all food items except for “food prepared for immediate consumption by the retailer” as provided in subsection (b) and soft drinks, food consisting of or infused with adult use cannabis, candy and alcoholic beverages. However, in order for the local grocery tax rate, if imposed, to apply, retailers that sell both food prepared for immediate consumption and food for consumption off the premises where sold must utilize means of recording and accounting for collection of receipts from the sales of food prepared for immediate consumption (high rate) and the sales of food that are not prepared for immediate consumption (local grocery tax rate, if imposed). If these receipts are not maintained, all sales will be presumed to be at the high rate of tax.

Some foods, such as hot foods, are always considered to be “food prepared for immediate consumption”, and thus subject to the high rate of tax.

Groceries

The items listed in the “grocery” categories below are exempt from State tax and are only subject to tax in locations where a local grocery tax has been imposed (unless prepared for immediate consumption, in which case, they are taxable as high rate items). Locations where a local grocery tax has been imposed include all locations in the MED or RTA areas and locations in any municipality or the unincorporated area of any county that has imposed a local grocery tax.

For detailed information on the tax treatment of food, see IDOR’s administrative rules at **86 Ill. Adm. Code 130.310**. In the event of a conflict, the rules control.

Food/Miscellaneous:

The Food/Miscellaneous items listed below are exempt from State tax but subject to local grocery tax (unless prepared for immediate consumption, in which case, they are taxable as high rate items).

1. **Food, sold for consumption off the premises** - This category includes grocery items and packaged foods but excludes candy, soft drinks, cannabis-infused foods, alcohol, or food prepared to order for takeout or delivery.
2. **Doughnuts, cookies, bagels, rolls, or other bakery items** - This includes items prepared by a retailer and sold either individually or in another quantity selected by the customer, provided they are for consumption off the premises where sold.
3. **Whole breads, pies, and cakes; ice cream cakes or rolls; cheese, fruit, vegetable, or meat trays** - This includes items prepared by a retailer, even when prepared to the individual order of a customer, sold either individually or in another quantity selected by the customer, and provided they are for consumption off the premises where sold.
4. **Sandwiches** - This includes sandwiches prepared by a retailer and placed in a deli case or other storage unit; however a sandwich prepared to the individual order of a customer is taxable at the high rate.

5. **Deli items, such as prepared salads; ice cream packaged in premeasured containers** - This includes items sold by weight or by quart, pint or other quantity by a retailer or prepared by the retailer and set out for sale in individual sized containers, provided they are for consumption off the premises where sold. "Deli items" includes potato, pasta, bean, gelatin or fruit salads; pudding; stuffed vegetables or fruits; stuffed olives or peppers.
Note: Ice cream items in individual sizes offered for sale by an ice cream store, whether prepared to the individual order of a customer or premade, constitute "food prepared for immediate consumption" and are taxable at the high rate.
6. **Prepackaged snacks, chips, bread products, cookies, fruits, vegetables, meats, milk, canned goods, and yogurt** - This category includes food items sold by a retailer that are not prepared or otherwise manufactured by that retailer. However, these items are taxable at the high rate if they are sold by a restaurant or cafeteria (presumed to be food prepared for immediate consumption) or consumed on the premises where sold (e.g., chips in a sandwich shop).
7. **Precooked meals sold in an unheated state of preparation** - These items (e.g., a cold Thanksgiving dinner or cold pizzas) qualify as groceries.
8. **Infant formula** - This is a food item that is not sold for immediate consumption and qualifies as groceries.
9. **Vitamins, supplements, weight gain or weight loss products, and protein powder** - These items are considered "groceries" only insofar as no medicinal claims are made on the label (see discussion of medicines and drugs below).
10. **Bagged Ice** - Ice is defined as a food item, so bagged ice qualifies as groceries no matter where it is sold.

Drinks:

The drinks listed below are exempt from State tax but subject to local grocery tax (unless prepared for immediate consumption, in which case they are taxable as high rate items).

1. carbonated and noncarbonated water that does not contain natural or artificial sweeteners,
2. carbonated and noncarbonated water that does not contain natural or artificial sweeteners but does contain natural or artificial flavor,
3. vegetable or fruit juices containing greater than 50% vegetable or fruit juice, even if these beverages contain natural or artificial sweeteners,
4. any drinks that contain milk or milk products, soy, rice or similar milk substitutes,
5. beverage powders or dry mixes,
6. concentrates (e.g., frozen concentrate lemonade),
7. ground or whole bean coffee and loose leaf tea or tea bags.

Sweets/Snacks:

The sweets and snacks listed below do not meet the definition of "candy" and are, therefore, groceries exempt from State tax but subject to local grocery tax (unless prepared for immediate consumption, in which case they are taxable as high rate items).

Items that meet the definition of "candy" are taxable at the high rate. "Candy" means 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**. "Candy" does not include any preparation that contains **flour** or **requires refrigeration**.

1. **Fruits and nuts that are not prepared in combination with sugar, honey, or other natural or artificial sweeteners** - As stated above, these items are not defined as "candy."
2. **Items that are not bars, drops or pieces:** Examples include jars of honey, syrups, peanut butter, preserves or jams, cans of fruit in syrup, cans or tubes of cake frosting and cereals. Items must be in the form of bars, drops or pieces to be considered candy.

3. **Products whose ingredient list contains the word “flour”** - Items containing flour, regardless of the type of flour (e.g., wheat, rice) are not defined as “candy.” Examples include cookies, chocolate covered pretzels, and snacks or trail mixes with both candy and non-candy items.
 4. **Products that require refrigeration** - Items that require refrigeration are not considered to be candy. However, items that otherwise meet the definition as candy and do not “require” refrigeration are candy even if they are sold refrigerated or frozen. An example of this type of item taxed at the high rate is a frozen candy bar, without flour as an ingredient.
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Prescription and non-prescription medicine and drugs

Items that meet the definition of “food” under 86 Ill. Adm. Code 130.310 but that qualify as prescription or nonprescription medicines or drugs are not groceries and will continue to be taxed at the State low rate of one-percent (1%). State tax will remain in effect on any item that meets the definition of “food” but is a pill, powder, potion, or other preparation for human internal consumption that purports on the label to have medicinal qualities.

Written claims on the label that a product is intended to cure or treat disease, illness, injury, or pain or to mitigate the symptoms of such disease, illness, injury or pain constitute medicinal claims, and such products are taxable at the State low rate as prescription or nonprescription medicines or drugs.

Examples of medicinal claims include, but are not limited to, “medicated,” “heals (a medical condition),” “cures (a medical condition),” “for relief (of a medical condition),” “fights infection,” “stops pain,” “relieves muscular aches and pains,” and “soothes pain.”

Note: Examples of claims that do not constitute medicinal claims and therefore do not, on their own, qualify the product as a prescription or non-prescription medicine or drug include, but are not limited to, “freshens breath,” “prevents,” “protects,” and “supports.”