



# Indiana Department of Revenue

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Sales Tax Information Bulletin      #61  
Subject:                                      Food Stamps  
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Replaces Bulletin #61, dated December 2002

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## Summary of Changes

Aside from nonsubstantive, technical changes, this bulletin has been revised to clarify the application of the exemption to the successor programs to food stamps and how the exemption applies when there is a transaction involving a split payment and/or coupons.

## Introduction

The purchase of certain food items with Supplemental Nutrition Assistance Program ("SNAP") electronic benefits transfer ("EBT") cards are exempt from Indiana sales tax. SNAP EBT cards have replaced food stamps, but the statute providing for this exemption still refers to the term "food stamps." Furthermore, the exemption also generally applies to other forms of federal or state government payment intended to provide assistance with purchases of food, such as Special Supplemental Nutrition Program for Women, Infants, and Children ("WIC") vouchers.

## Application of Sales Tax to Purchases Made with SNAP Funds or Other Vouchers

Generally, the sale of food and food ingredients for human consumption is exempt from Indiana sales tax ("Exempt Food Items"). However, some items, such as prepared food, soft drinks, and candy, are not eligible for this particular exemption. For more information on the exemption for food and food ingredients and exceptions to the exemption, please refer to [Sales Tax Information](#)

Bulletin #29, available online at [in.gov/dor/resources/library/information-bulletins/sales-tax-information-bulletins/](http://in.gov/dor/resources/library/information-bulletins/sales-tax-information-bulletins/).

Nevertheless, food items that do not qualify for the exemption for food and food ingredients are exempt from Indiana sales tax if the food is SNAP eligible and purchased with SNAP funds or other similar vouchers ("SNAP Eligible Items"). Items that are neither Exempt Food Items nor SNAP Eligible Items (e.g., tobacco products, alcoholic beverages, paper products, etc.) cannot be purchased exempt, unless some other exemption applies (e.g., a purchase by a nonprofit). When a transaction involves multiple items, some of which are SNAP Eligible Items and Exempt Food Items, and some of which are taxable, sales tax will be collected on all non-exempt items.

*Example:* A customer purchases vegetables, bread, a pre-made sandwich from the deli, and a bar of soap. The vegetables and bread are exempt from sales tax as Exempt Food Items. The deli sandwich is not an Exempt Food Item because it is prepared food, but it is an exempt SNAP Eligible Item if purchased with SNAP funds. The soap is not eligible for any exemption, and thus sales tax would be collected on this item.

When a coupon is applied to a SNAP Eligible Item, sales tax will not be due on the coupon value of any SNAP Eligible Item paid for with SNAP funds, because the full amount of the item itself would be exempt from Indiana sales tax if purchased without the coupon. For further guidance on the general application of sales tax to price discounts, including manufacturer and retailer (i.e., store) coupons, please refer to [Sales Tax Information Bulletin #58](#), available online at the link above.

In the case of a split payment, where SNAP funds (or other vouchers) and other methods of payment (e.g., cash, check, credit or debit cards) are used on the same transaction, SNAP Eligible Items may still be exempt from Indiana sales tax, provided that the SNAP funds (or other vouchers) are first used to defray the cost of the SNAP Eligible Items. To the extent that the SNAP funds or vouchers tendered are sufficient to purchase such items, the items are exempt from Indiana sales tax. Otherwise, only the balance of the taxable purchases paid for with other methods of payment is subject to tax.

If you have any questions concerning this bulletin, please contact the Tax Policy Division at [taxpolicy@dor.in.gov](mailto:taxpolicy@dor.in.gov).



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