



GST and food

- <https://www.ato.gov.au/Print-publications/GST-and-food/>
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GST and food

GST applies to all food and beverages consumed on the premises that supplied them, and to hot food supplied as take-away.

Other foods may be GST-free.

To check if a food or beverage is GST-free or taxable:

- [Detailed food list](#)

Find out about:

- [Definition of food](#)
- [GST in the food supply chain](#)
- [GST-free food](#)
- [Taxable food](#)
- [Mixed GST status](#)
- [Marketing food](#)
- [Definition of premises](#)
- [Food packaging](#)
- [GST food classification flow charts](#)

See also:

- [Simplified GST accounting methods for food retailers](#)

Definition of food

- <https://www.ato.gov.au/Print-publications/GST-and-food/?page=2>

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To work out the GST status of a food or beverage, you must first work out whether it is considered to be 'food' under GST law.

GST law defines 'food' as:

- food for human consumption (whether or not it needs processing or treatment)
- ingredients for food for human consumption
- beverages for human consumption (including water)
- ingredients for beverages for human consumption
- goods to be mixed with or added to food for human consumption (including condiments, spices, seasonings, sweetening agents or flavourings)
- fats and oils marketed for culinary purposes
- any combination of the above.

GST applies to food, as defined above, that is:

- food for consumption on the premises it is supplied from
- hot food for consumption away from the premises
- food of a kind listed in the table in clause 1 of Schedule 1 of the *A New Tax System (Goods and Services Tax) Act 1999* (GST Act)
- beverages and ingredients for beverages not listed in the table in clause 1 of Schedule 2 of the GST Act
- food as listed elsewhere in GST law.

See also:

- [Definition of premises](#)
- [Clause 1 of Schedule 1 of the GST Act](#)
- [Clause 1 of Schedule 2 of the GST Act](#)
- [Food industry partnership – issues register](#)

Items that are not 'food'

Some animals and plants are not defined as food under GST law until they are processed or treated. These are:

- live animals (other than crustaceans or molluscs)
- unprocessed cow's milk
- any grain, cereal or sugarcane that has not been processed or treated to change its form, nature or condition
- plants under cultivation that will be able to be consumed (without further processing or treatment) as food for human consumption.

Any food labelled or specified for animals is not food under GST law, as it is not for human consumption.

The GST status of some food products will depend on whether they are being used as food or not.

See also:

- [Pet food](#)
- [Food products with alternative \(non-food\) uses](#)

GST in the food supply chain

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GST is applied at various stages in the food supply chain. GST is applied where the food item is either:

- not for human consumption at that particular stage in the supply chain
- taxable under GST law.

If you are a GST-registered business, you can claim GST credits for any GST you pay in the price of food items you purchase in carrying on your enterprise. However, you can't claim GST credits for food supplied as an 'entertainment expense' that is non-deductible for income tax.

Example: When GST is applied in the food supply chain

A plant nursery sells punnets of lettuce seedlings to a market gardener. The seedlings are taxable as they are plants under cultivation, even though the lettuce is ultimately for human consumption. At this stage in the supply chain:

- the plant nursery charges GST and pays it to us
- the market gardener can claim a GST credit for the GST included in the price of the seedlings.

The market gardener then grows the lettuce, picks it and sells it to the wholesaler. The lettuce is GST-free as it is now a food for human consumption.

The wholesaler sells the lettuce, GST-free, to a retailer.

The retailer sells the lettuce GST-free to a consumer and GST-free to a restaurant.

The restaurant prepares the lettuce as part of a salad that a consumer eats on the premises. The price of the salad to the consumer is taxable. The restaurant pays the GST charged in the price of the salad to us.

This example is illustrated in Figure 1.

Figure 1: Food supply chain



GST-free food

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Even though your food item appears in the GST-free list, it may still be subject to GST under one of the taxable rules. For example, bread rolls are GST-free unless they are sold in a restaurant. Always check the [taxable food](#) lists when working out the GST status of a food item.

The following foods are GST-free:

- bread and bread rolls without a sweet coating (such as icing) or filling – a glaze is not considered a sweet coating
- cooking ingredients, such as flour, sugar, pre-mixes and cake mixes
- fats and oils for cooking

- unflavoured milk, cream, cheese and eggs
- spices, sauces and condiments
- bottled drinking water
- fruit or vegetable juice (of at least 90% by volume of juice of fruit or vegetables)
- tea and coffee (unless ready-to-drink)
- baby food and infant formula (for children under 12 months of age)
- all meats for human consumption (except prepared meals or savoury snacks)
- fruit, vegetables, fish and soup (fresh, frozen, dried, canned or packaged)
- spreads for bread (such as honey, jam and peanut butter)
- breakfast cereals.

See also:

- [Taxable food](#)
- [GST food classification flow charts](#)
- [Detailed food list](#)

Taxable food

- <https://www.ato.gov.au/Print-publications/GST-and-food/?page=5>
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The following foods are taxable:

- bakery products, such as cakes, pastries, pies, sausage rolls (but not including bread and bread rolls)
- biscuits, crispbreads, crackers, cookies, pretzels, cones and wafers
- [savoury snacks](#), [confectionery](#), ice-cream and similar products
- carbonated and flavoured beverages (including flavoured milk, flavoured water and sports drinks) unless at least 90% by volume fruit or vegetable juice
- all food and beverages sold in restaurants or for consumption on the [premises](#)
- [hot food \(take-away\)](#)
- food marketed as [prepared meals and some prepared food](#), including [platters](#)
- any food not for human consumption
- [pet food or any food labelled or specified for animals](#).

See also:

- [GST-free food](#)
- [GST food classification flow charts](#)
- [Detailed food list](#)

Pet food

Pet food is taxable. Any food labelled or specified for animals is not 'food' under GST law, as it is not for human consumption.

Prepared meals

Prepared meals are taxable. A 'prepared meal' is a food that:

- directly competes with take-aways and restaurants
- needs refrigeration or freezing for storage, and
- is marketed as a prepared meal but is not soup (soup is GST-free).

When working out whether food is a prepared meal, consider:

- how the goods are promoted or advertised
- the name, price, labelling, instructions, packaging and placement of the goods in the store.

Examples of prepared meals include:

- curry and rice dishes, mornays and similar dishes sold cold that only need reheating to be ready for eating
- fresh or frozen lasagne
- sushi
- cooked pasta dishes sold complete with sauce
- frozen TV dinners
- fresh or frozen complete meals (for example, a single serve of a roast dinner, including vegetables or a low fat dietary meal).

All these meals, except sushi, only need reheating for them to be ready to eat. Sushi is ready to eat when it is prepared even though part of it is raw. It does not matter whether prepared meals are supplied hot or cold, or need cooking or reheating.

Salads, including pasta, rice, coleslaw, meat, seafood and green salad, sold from salad bars at supermarkets in either the delicatessen section or from a self-serve bar, are GST-free only if they are not marketed as prepared meals.

Examples of food items that are not 'prepared meals' include:

- frozen vegetables
- raw kebabs (uncooked skewered meat)
- marinated meats and stir-fries
- uncooked pasta products
- fish fingers
- canned baby food, baked beans, spaghetti and Irish stews that do not require refrigeration or freezing.

Canned baby food, baked beans and spaghetti are not 'prepared meals' as they do not meet the condition of needing refrigeration or freezing (until opened) for their storage.

Example: Prepared meals

A supermarket sells lasagne in a box from the frozen food section. The instructions on the box say that the product can be reheated by oven baking

or microwave.

The lasagne is a prepared meal as the product only needs heating before serving.

Platters and similar arrangements of food

Platters and other similar arrangements of food are taxable. Platters can include fruit, vegetable, cheese, cold meats or a mixture of foods.

A platter is a large shallow dish, commonly oval, for serving food items. Usually a platter or arrangement of food can be uncovered and placed on a table ready for serving (for example, a catering product at a barbeque).

Example: Gourmet platters

Susie's Gourmet Foods sells trays of gourmet food to customers for parties and other functions. One of these trays contains an arrangement of antipasto products, including cold meats, sun-dried tomatoes, pickled vegetables, bread sticks, biscuits and other items chosen by the customer. This product is a platter and is taxable.

However, if Susie sold each of the items in a separate plastic container with a lid and the customer emptied the containers and placed the food on a serving tray, the sale would not be a platter. Susie would work out the GST status of each item individually (for example, the sun-dried tomatoes would be GST-free, the biscuits would be taxable, and so on).

Example: Prepared vegetables - not defined as a platter

Adam's supermarket sells pumpkin that is chopped into pieces ready for roasting. There are four to six pieces of pumpkin on each plastic tray covered in plastic wrap. This product is not a platter.

Savoury snacks

Savoury snacks are taxable. Generally, foods that were savoury snacks for wholesale sales tax purposes are also classed as savoury snacks for GST purposes. Some specific points are:

- caviar and other fish roe products are specifically included as savoury snacks and are taxable

- seeds and nuts that have been processed or treated by salting, spicing, smoking, roasting or similar processing or treating, are taxable.

However, raw nuts are GST-free.

Confectionery

Confectionery is subject to GST. Confectionery includes food that is marketed as confectionery, such as:

- chocolate
- lollies
- muesli bars
- glace fruit.

However, candied peel is not classed as confectionery and is GST-free.

Hot food

'Hot food' is defined as food for consumption that has been heated above the surrounding air temperature. Hot and cold food supplied as a single item for consumption away from the premises (such as sausage and onion on a slice of bread) is subject to GST.

Food you sell while it is still warm because it happens to be freshly cooked is GST-free (unless it falls under another category of taxable food). For example, freshly baked bread is GST-free.

See also:

- [Definition of premises](#)

Mixed GST status

- <https://www.ato.gov.au/Print-publications/GST-and-food/?page=6>
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On this page:

- [Food products with alternative \(non-food\) uses](#)
- [Snack packs](#)
- [Hampers and mixed supplies](#)
- [Food past its use-by date](#)

Food products with alternative (non-food) uses

Some GST-free food products have alternative non-food uses.

The supplier must work out whether the item is for human consumption (GST-free) or is a non-food product (taxable). You can work this out by considering the:

- physical product
- nature of the sale.

For example, you might decide a food product is for non-food use because the product is:

- called something other than food
- stored in conditions or containers that are not suitable for food
- packaged in a non-food type package or container
- labelled, invoiced or marketed as a non-food product
- delivered in a way not suitable for food.

Example: Food product with an alternative (non-food) use

Vinegar sold as a condiment is GST-free as it is added to food for human consumption. Vinegar sold as a household cleaner is not GST-free because it is not a sale of food for human consumption.

Snack packs

Snack packs can contain a combination of GST-free and taxable goods. How you treat them for GST purposes depends on their contents and packaging.

Example: Snack packs

Where a GST-free food item is packaged together with a taxable food item (for example, cheese and biscuits) as a snack pack, it is subject to GST. The snack pack is taxable as the items are packaged together, marketed and sold as a single product.

Hampers and mixed supplies

Where a mix of GST-free and taxable individually packaged goods is packed and sold together (such as a hamper containing a packet of biscuits, a box of chocolates, a coffee cup and a jar of coffee), you tax these items individually as a mixed sale. The biscuits, chocolates and cup are taxable and the coffee is GST-free.

A hamper can be a basket, decorative box or other similar container holding any number of separately identifiable products. If the hamper has packaging that has a lasting value (for example, a picnic basket), the sale of the packaging is subject to GST.

See also:

- [Food packaging](#)

Food past its use-by date

Food past its use-by date is not automatically unfit for human consumption but you can use the use-by date as a guide to working out whether the food is suitable for human consumption.

If the food is not safe for human consumption, it is not considered food under GST law and is taxable.

See also:

- [GST-free food](#)
- [Taxable food](#)
- [GST food classification flow charts](#)
- [Detailed food list](#)

Marketing food

- <https://www.ato.gov.au/Print-publications/GST-and-food/?page=7>
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The way food items are marketed affects their GST status. Marketing includes:

- how goods are promoted or advertised
- the name, price, labelling, instructions, packaging and placement of the goods in the store.

The following products are GST-free:

- fats and oils marketed for culinary purposes
- malt extract marketed mainly for drinking
- preparations that are marketed mainly as tea, coffee, or malted beverages
- preparations marketed mainly as substitutes for tea, coffee or malted beverages
- dry preparations marketed to flavour milk
- beverages and ingredients for beverages marketed mainly as food for infants or invalids.

The following products are taxable:

- food marketed as a prepared meal, excluding soup
- food marketed as confectionery
- food marketed exclusively as ingredients for confectionery

- flavoured ice-blocks, whether frozen or not.

Definition of premises

- <https://www.ato.gov.au/Print-publications/GST-and-food/?page=8>
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GST applies to food that is:

- food for consumption on the premises it is supplied from
- hot food for consumption away from the premises.

'Premises' -is defined in the GST Act as:

- the place where the sale takes place, for example, a:
 - supermarket
 - restaurant
 - cafe
 - snack bar
 - hotel
 - club
 - reception lounge
 - aircraft
 - boat
 - train
 - venue for catered functions
 - food court where tables are supplied for customers of food retailers
- the grounds surrounding restaurants, cafes, snack bars, hotels, clubs, reception lounges and venues for catered functions
- any venue associated with leisure, sport or entertainment, with clear boundaries or limits, including:
 - football grounds
 - sports grounds
 - golf courses
 - gyms
 - ice-skating rinks
 - motor racing circuits
 - racecourses
 - swimming pools
 - tennis centres
 - tenpin bowling alleys
 - air-show venues
 - theatres
 - exhibition halls

- theme parks
- showgrounds
- aquariums
- galleries
- gardens
- museums
- zoos
- cinemas
- concert halls
- entertainment centres
- amusement parks arcades.

The definition of 'premises' does not include public thoroughfares, unless an area has been designated for use in connection with a food supply outlet.

See also:

- [GSTD 2000/4](#) *Goods and Services Tax: what does the word 'premises' mean in the expression, 'a supply of food for consumption on the premises from which it is supplied'?*
- [GSTD 2000/5](#) *Goods and Services Tax: when is a supply of food, in terms of paragraph 38-3(1)(a) of the A New Tax System (Goods and Services Tax) Act 1999, 'for consumption on the premises from which it is supplied'?*

Food packaging

- <https://www.ato.gov.au/Print-publications/GST-and-food/?page=9>
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Packaging products are generally subject to GST when they are purchased. You can claim a GST credit for any GST included in the price of packaging for your business.

When packaging is supplied with or around food and it is ['normal and necessary'](#) for the sale of the food, the GST treatment of the packaging is usually the same as the GST treatment of the food (that is, the packaging around GST-free food is also GST-free).

Example: Packaging

Richard is a breakfast cereal manufacturer. He buys 50,000 cardboard boxes from a paper manufacturer for \$22,000, including \$2,000 GST. The sale is subject to GST as the boxes do not contain any food. Packaging is not 'packaging for food' until it contains, and is sold with, food.

Richard then packs breakfast cereal in the cardboard boxes and sells boxes of breakfast cereal to a retailer for \$100,000. The sale of the breakfast cereal is GST-free. The packaging (cardboard box) is also GST-free as it contains the breakfast cereal and is considered normal and necessary packaging for food.

If Richard packs the cereal in re-usable plastic containers, the containers are taxable, as they are not considered normal and necessary packaging for the breakfast cereal.

Normal and necessary packaging

Normal and necessary packaging of GST-free food is GST-free.

Where the purpose of packaging is simply to contain, protect and promote food, it is seen as a 'normal and necessary' part of the supply of the food. For individual items, 'normal and necessary packaging' includes tins, bottles, jars and boxes. For a group of items, 'normal and necessary packaging' includes the carton or box that contains a number of individual items.

Packaging that is not ordinarily considered normal and necessary will be considered to be normal and necessary (and, therefore, GST-free) when it is packaging GST-free food and is:

- not charged at a separate price, and
- the cost price of the packaging is the lesser of:
 - \$3 excluding GST, or
 - 20% of the wholesale value of the total sale.

This includes items that would attract GST if sold separately, such as:

- paper and plastic bags you supply free of charge to a customer for groceries
- containers, spoons, straws or similar objects if they:
 - are provided free to help purchasers prepare or consume the food
 - have no lasting value (for example, they are disposable).

Packaging that is more than what is considered normal and necessary for the sale of the food is taxable. For example, if you supply breakfast cereal in a re-usable plastic container, the container is taxable. The sale would be:

- partly taxable (container)
- partly GST-free (cereal).

Special promotional food packaging (for example, a rack for spices) is not normal and necessary. Promotional items that accompany food and packaging are also not normal and necessary (for example, drink containers and recipe books of lasting value). You must work out separately the tax on:

- promotional items accompanying the food
- packaging and items that are usually supplied separately.

See also:

- [GSTD 2000/6](#) *Goods and services tax: when is the supply of food packaging GST-free in terms of section 38-6 of the A New Tax System (Goods and Services Tax) Act 1999?*

GST food classification flow charts

- <https://www.ato.gov.au/Print-publications/GST-and-food/?page=10>
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The GST food classification flow chart provides steps to help you work out whether food and beverage items are taxable or GST-free.

Before using the flow chart you should:

- check whether your item fits the [definition of food](#) for GST purposes
- consider where your item is in the [food supply chain](#)
- consider how your food is [marketed](#) and [packaged](#).

On this page:

- [Flow chart: Food](#)
- [Flow chart: Beverages](#)

Flow chart: Food

1. Is the product listed on the [Detailed food list](#)?

Yes	Treat your food item as GST-free or taxable as indicated
No	Go to question 2

2. Is the product an exempt food additive?

Condiments, spices, seasoning, sweetening and flavouring agents such as tomato sauce, jam, cinnamon, cloves, salt, saccharin and vanilla essence are GST-free when packaged and marketed for retail sale.

Essential nutritional ingredients such as sugar, fat, carbohydrates, amino acids, vitamins and minerals used in the manufacture of food are also GST-free.

Yes	GST-free

No	Go to question 3
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3. Is the product a fat or oil marketed for cooking or preparing food?

Yes	GST-free
No	Go to question 4

4. Is the product considered to be food or an ingredient for food or a beverage?
(see [Definition of food](#))

Food or ingredient for food	Go to question 5
Beverage or ingredient for a beverage	Go to Flow chart: Beverages

5. Is the product any of the following?

- a live animal other than a crustacean or mollusc
- unprocessed and untreated grain, cereal or sugarcane
- a living food plant (for example, a lettuce seedling or potted herb).

Yes	Taxable
No	Go to question 6

6. Is the product sold for consumption on the premises or as take-away hot food?

Food prepared on the [premises](#) for dine-in, or [hot food](#) to be taken away from a restaurant/take-away, is taxable.

Yes	Taxable
No	Go to question 7

7. Is the product a prepared food?

Prepared foods directly compete against take-aways and restaurants and are taxable. It does not matter whether they are sold hot, cold or frozen, or require some additional preparation before being eaten. Examples include quiche, sandwiches, pizza, platters prepared in a delicatessen, burgers and hot dogs.

Prepared food may also be a prepared meal that directly competes with take-aways and restaurants, needs refrigeration for its storage and is marketed as a prepared meal (see [Prepared meals](#)).

Yes	Taxable

No	Go to question 8
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8. Is the product confectionery?

Confectionery is a sweet marketed to be eaten as is or a product that is marketed as an ingredient for confectionery. Candied peel or plastic packaged dried fruit used in a cake are not confectionery.

Yes	Taxable
No	Go to question 9

9. Is the product a savoury snack?

Savoury snacks such as potato chips; corn chips; bacon crackling; prawn chips; salted, spiced, smoked or roasted seeds or nuts; and caviar, are taxable. Similar foods are also taxable – for example: cassava chips, herb and vegetable chips, banana chips, meat chips, prawn crackers, cheese chips and carp roe (tarama).

Yes	Taxable
No	Go to question 10

10. Is the product a bakery product?

Staple foods like plain bread and bread rolls are GST-free.

But other bakery products like cakes, pancakes, muffins, pavlovas, pies, tarts, baklava, doughnuts, croissants, scones, scrolls and bread and buns with a sweet filling or coating are taxable.

Yes	Taxable
No	Go to question 11

11. Is the product an ice-cream food?

Ice-cream and other frozen foods like flavoured ice blocks, frozen yoghurt, frozen and other manufactured and ready-to-eat frozen fruit products, and frozen confectionery products are taxable. Similar foods (for example, gelato and sorbet) are also taxable.

Yes	Taxable
No	Go to question 12

12. Is the product biscuit goods?

Biscuits, cookies, crackers, crispbreads, pretzels, cones and wafers are almost always taxable, even if they are sold frozen or as a pre-cut biscuit mix.

Exceptions include rusks for babies or invalids, dried bread products like mini toasts, biscuit type products sold as breakfast food and biscuit type products made from compressed cereal (for example, rice cakes and corn thins).

Yes	Taxable
No	GST-free

Flow chart: Beverages

1. Is the product unprocessed cow's milk?

Unprocessed cow's milk is taxable because it is not considered to be a beverage for GST purposes.

Yes	Taxable
No	Go to question 2

2. Is the product sold for consumption on the premises or as a take-away hot drink?

Drinks like milkshakes, coffee and other drinks delivered in a glass, cup or other in-house container are taxable.

Hot drinks like coffee, hot chocolate, tea and other hot beverages taken away from the premises are also taxable.

Yes	Taxable
No	Go to question 3

3. Is the product an unflavoured milk product?

Most processed milk beverages are GST-free, provided they are not flavoured. They can be supplied GST-free in liquid, powdered, concentrated or condensed forms.

Processed milk beverage products also covers buttermilk, casein, whey and lactose.

Yes	GST-free
No	Go to question 4

4. Is the product an unflavoured soy milk or rice milk product?

Soy milk or rice milk beverages are GST-free, provided they are not flavoured.

Yes	GST-free
No	Go to question 5

5. Is the product tea, coffee or a similar product?

Tea, coffee, coffee essence, chicory, chicory essence and malt that can be used to make a beverage are GST-free. This includes products that are marketed principally as tea, coffee and malted beverage preparations. Preparations marketed as substitutes for tea, coffee and malted beverage preparations are also GST-free (for example, hot chocolate and drinking chocolate preparations).

Tea, coffee and similar products marketed in ready-to-drink form are taxable.

Yes	GST-free
No	Go to question 6

6. Is the product a fruit or vegetable juice?

Most fruit and vegetable juices are GST-free provided they contain at least 90% by volume of fruit or vegetable juice.

There are exceptions:

- fruit juice concentrates marketed for making alcoholic drinks
- non-alcoholic carbonated juices that are not 100% juice.

Yes	GST-free
No	Go to question 7

7. Is the product a beverage for infants and invalids?

Beverages for infants and invalids are GST-free if they are marketed principally for infants and invalids.

Yes	GST-free
No	Go to question 8

8. Is the product natural, non-carbonated water?

Non-carbonated packaged water is GST-free if it does not contain additives or flavourings. This includes non-carbonated mineral water.

Yes	GST-free
No	Taxable

If you're still unsure whether GST applies to your food item you should seek advice from us or a registered tax professional.

See also:

- [How we can help](#)

Our commitment to you

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