

RTG: 157
(Revised December 2007, August 2010)

June 2003

FOOD AND BEVERAGES

Food and beverages for human consumption, including sweetening agents, seasonings and other ingredients to be mixed with or used in the preparation of such food or beverages, are generally exempt from revenue tax (PST).

TAXABLE GOODS:

PST applies to the following goods:

- wine, spirits, beer, malt liquor or other alcoholic beverages
- non-alcoholic malt beverages
- carbonated beverages
- candies, confectionery that may be classed as candy, or any goods sold as candies, such as candy floss, chewing gum and chocolate, whether naturally or artificially sweetened, and including fruits, seeds, nuts and popcorn when they are coated or treated with candy, chocolate, honey, molasses, sugar, syrup or artificial sweeteners when purchased at a purchase price of fifty cents or more
- prepared meals
- prepared food products (defined below) purchased from an eating establishment (defined below)
- snack foods (refer to [Revenue Tax Guide RTG:135 - Snack Foods](#))

Prepared food products

Prepared food products are defined in the *Revenue Tax Act* as:

- food or beverages heated for consumption
- non-carbonated, non-alcoholic beverages (milk, juice, etc.), when purchased with other non-liquid prepared food products
- carbonated beverages
- salads, sandwiches, and similar products (wraps, donairs, etc.)
- platters of cheese, cold cuts, seafood, baked goods, fruit or vegetables
- baked goods or products, including pastries, muffins, tarts, cookies, doughnuts, croissants, bagels and servings of pies or cakes, when purchased in quantities of five or fewer

for consumption on or off the premises where sold.

Eating establishment

The *Revenue Tax Act* also defines “eating establishment” as:

- a restaurant, dining room, dairy bar, ice cream parlour or cafeteria including any such establishment providing take-out or counter service
- a lounge, coffee shop, pizzeria, lunch counter, mobile canteen, coffee wagon, or canteen
- a vending machine when dispensing food
- a snack bar
- a stand or facility from which prepared food products are dispensed at an exhibition, fair, sporting event, theatre, cinema, grocery store, convenience store or other store where food products are sold or on a water vessel
- and includes any premises or location to which a caterer supplies prepared food products.

EXEMPT GOODS

PST does not apply to prepared food products purchased or supplied/sold in the following circumstances:

- purchased by a school board that are to be supplied primarily to elementary or secondary school students
- supplied or sold by a school board primarily to elementary or secondary school students
- other than food supplied through a vending machine, purchases of food by elementary or secondary school students in a school cafeteria (however, the supply of prepared food products by a school cafeteria for a private party, reception, meeting or similar private event is subject to PST)
- purchased at a university or public college by a student through a meal plan under which the student purchases for a single price not less than ten (10) meals per week
- supplied or sold by a public sector body (such as a soup kitchen) for the purpose of relieving poverty, suffering or distress of individuals
- supplied or sold by a public sector body (such as Meals on Wheels) to aged, infirm, disabled or underprivileged individuals for consumption in their places of residence
- supplied or sold on an occasional basis (fund raising suppers) by a religious, charitable or benevolent organization, where the labour involved is all volunteer and without remuneration

Provincial revenue tax (PST) does **NOT** apply to the following items if purchased separately, however if purchased with a meal they are taxable:

-white milk
-yogurt

-chocolate milk
-fruit juices

FURTHER INFORMATION:

For copies of the *Revenue Tax Act* and Regulations and any inquiries regarding this Revenue Tax Guide, please contact:

Taxation and Property Records
Finance and Municipal Affairs
P.O. Box 1330
Charlottetown, PE
C1A 7N1

Telephone: (902) 368-4171
Fax: (902) 368-6164
Email: taxandland@gov.pe.ca
Website: www.taxandland.pe.ca

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