

Quirkiest 2010 Tax Law Changes

From hot air balloons to bagels, 2010 proved to be yet another year in which states and municipalities passed some strange tax laws in desperate bid to raise revenues and close their budget gaps.

A sampling of some of the quirkiest sales and use tax changes, emphasizing the importance of technology and expertise to help navigate the dynamic sales and use tax landscape.

A few of the “quirky” sales and use tax highlights of 2010 include:

- Candy without flour in Washington: In June, Washington State enacted legislation that made candy without flour taxable. According to a list published by the Washington Department of Revenue, Whirly Pops” and “Lemon Drops” were taxable, but “Twizzlers” and “Peppermint Bark Shortbread” remained exempt.
- Belt buckles in Texas: Every year before it is time to go back to school, several states allow for a tax holiday on school supplies and clothing, with several oddities seemingly infiltrating the exemptions. In Texas, belts are exempt, but belt buckles are not. Cowboy boots and hiking boots are also exempt, but rubber boots and climbing boots are taxable.
- Bagels in New York: In 2010, New York cracked down on its enforcement of the tax on prepared food, specifically targeting a New staple: bagels. If you buy a whole bagel and take it home with you, it is exempt from tax. However, if you purchase that same bagel, but eat it at the bagel shop (even without cream cheese), bagel shops must charge sales tax on the purchase price. Apparently, the mere slicing of a bagel kicks your bagel purchase into a taxable transaction. As a result, New Yorkers are paying approximately 8 to 9 cents more per bagel.