



Tax Insights
from State and Local Tax
Services

Alabama temporarily suspends state sales tax on food beginning May 1, 2026

June 15, 2026

In brief

What happened?

Alabama [Act 2026-604](#) suspends the state portion of the sales and use taxes on food for a two-month period, beginning May 1, 2026 through June 30, 2026. City and county sales and use taxes on food are not affected. The Alabama Department of Revenue issued [Notice: Temporary Suspension of State Sales and Use Tax on Food](#) on April 17, 2026.

Why is it relevant?

The temporary suspension of the state sales and use tax on food requires retailers to immediately implement changes to comply with the modifications and reduce any impact to their customer base. Gross sales of qualifying food items are required to be detailed when reporting on the tax returns.

Actions to consider

Retailers should review their existing tax processes to identify an efficient way to comply with the changes, given the short time to implement the complex modifications.

In detail

Alabama Act 2026-604 ([HB 527](#)) temporarily suspends the state portion of the sales and use taxes on food for the period May 1, 2026 through June 30, 2026. The city and county sales and use tax rates remain in effect.

Retailers are required to report the gross sales of qualifying food items on the state return as part of the gross proceeds of sales. The qualifying food sales would then be deducted prior to calculating the state sales tax. Local tax reporting remains unchanged.

Alabama adopts the definition of “food” cited in 7 U.S.C. Section 2012, for purposes of the federal Supplemental Nutrition Assistance Program. This definition generally includes food or food products for home consumption, with certain limitations.

Observation: The suspension of the state portion of the sales and use tax creates complexity for retailers when determining how to implement this temporary rate change that also applies only to a limited group of products. Additional complexities arise from the requirement to identify the gross sales that are impacted by this change. Retailers need to analyze whether amounts billed to consumers are properly charged to reduce any potential risks or exposure.

Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

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