

STATE OF MICHIGAN



JOHN ENGLER, Governor

**DEPARTMENT OF TREASURY**

TREASURY BUILDING, LANSING, MICHIGAN 48922

MARK A. MURRAY, State Treasurer

**LR 87-16. Gift Baskets Containing Food Items**

\_\_\_\_\_ Company makes sales at retail of gift baskets. The baskets include breads, pastries, and cheese as well as non-food items such as stuffed animals or wine goblets. The major items in all baskets though are the breads, pastries, and cheese. You have asked whether the sale of a gift basket is subject to Sales Tax.

Sales of food for human consumption are exempt from tax under Michigan's Sales Tax Act, MCL 205.54g. However, if exempt food and container or other food items of tangible personal property are combined and sold as a single item such as gift basket, the following conditions will determine whether the tax applies:

- (a) if the value of the food item is the predominant value of the gift basket, the entire basket is exempt from tax.
- (b) if the value of the container and any non-food items included is greater than the value of the generally exempt food, the entire basket is subject to tax.

March 12, 1987

LR 87-16

Susan Work Martin

Commissioner of Revenue