

SOVOS

# 50 UNUSUAL TAX LAWS





Since taxation was first introduced, we've witnessed the strange, the curious and unexplainable rules and laws governing what is taxed and what isn't. Let's face it, some of these are just weird. In that spirit, Sovos' tax experts are counting down 50 of the more curious tax laws still on the books today.

**50** New Mexicans over the age of 100 are exempt from state income tax.

**49** Tennessee has litigation taxes for civil and criminal court cases. In civil court, the plaintiff is responsible for the tax. In criminal court, the defendant is liable if found guilty.

**47** South Carolina offers a state income tax credit for newlyweds who complete premarital counseling.



**45** Between 2000 and 2015, states raised so called "sin taxes" on tobacco products 111 times.

**44** Massachusetts considers newspapers, magazines and comic books to be tax-free periodicals.

**42** Colorado taxes all nonessential food packaging, such as coffee cup lids, plastic bags and takeout containers.

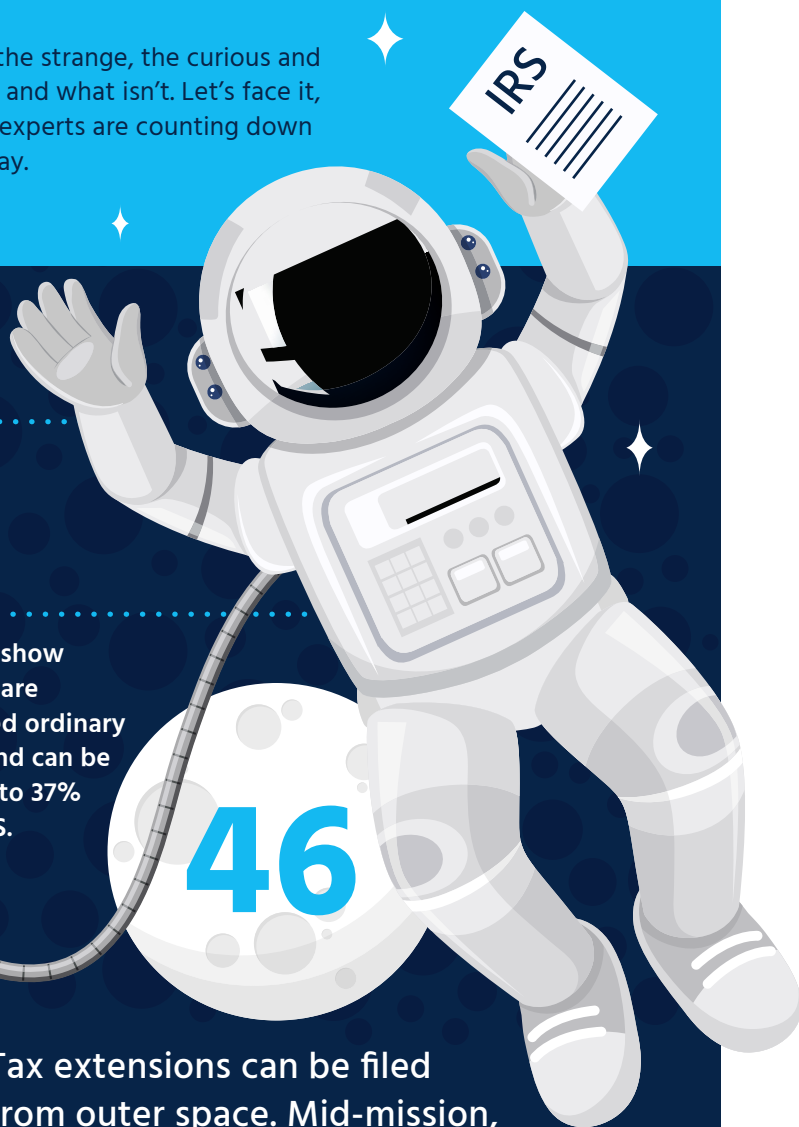
**48** All game show winnings are considered ordinary income and can be taxed up to 37% by the IRS.

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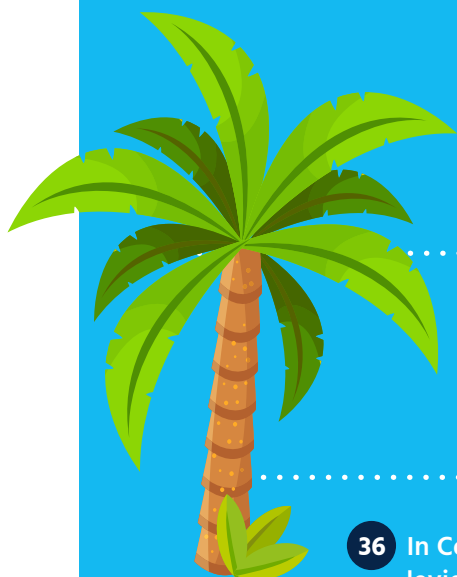
Tax extensions can be filed from outer space. Mid-mission, Apollo 13 astronaut Jack Swigert realized he failed to file his taxes before the April 15 deadline. Luckily, mission control was able to get him an extension.

**43** Need to move dirt around in New Hampshire? The excavation tax will cost you \$0.02 per cubic yard.

**41** The Navajo Nation in Utah was the first locale to impose a junk food tax. Foods and beverages with minimal-to-no nutritional value are taxed at 2%, while the previous 6% tax has been removed on water, fruits and vegetables.







**40** In the United Kingdom, all nuts are zero-rated unless roasted or salted and sold out of their shells.

**38** Hawaiians with “exceptional trees” may deduct up to \$3,000 in maintenance costs.

**36** In Colorado Springs, there is a \$4 tax levied on every new bicycle sold.

**39** Whaling boat captains in Alaska can deduct up to \$10,000 for boat repairs.

**37** Until 1851, English homeowners were taxed according to the number of windows on their home.



**34** Fireworks retailers are required to collect a 12% safety fee on all sales in West Virginia.

**33** From 1935-2015, Alabama charged a \$0.10 tax on decks of cards with 53 or fewer cards.

**32** In Michigan, a bag of popcorn served hot is taxable, but a prepackaged bag is not.



**31** The Georgia Entertainment Industry Investment Act grants a 20% income tax credit to production companies that film in the Peach State.





**25** North Pole, Alaska taxes alcohol-free eggnog at 5.5%, while the spiked version is taxed at 6%.

**23** In New York, a plain unsliced bagel is tax free. Getting it sliced and schmeared? Prepare for an additional \$0.08 tax.

**22** Chocolate covered marshmallows in decorative shapes are taxable in New York, but marshmallows intended for baking are exempt.

**30** Of all the states with a sales tax, Vermont was the last state to implement its tax, doing so in 1969.

**29** Buying a car is tax-free in Delaware, but leasing a car is not. This is due to the state having a leasing tax, but not a sales tax.

**27** Some Maryland homeowners pay a yearly \$50 "flux tax" to restore the Chesapeake Bay.

**26** Texas levies a sales tax on deodorant but not antiperspirant.



**24** The 2026 World Cup is taking over multiple U.S. cities. Kansas City residents are eligible for tax-free tickets when the games come to Missouri.

**21** In Mississippi, purchases of the state tree, the magnolia, are taxable. Christmas trees, however, are tax free.



- 20 To promote public safety, bicycle helmets, reflective clothing and car seats are tax exempt in Connecticut.

- 18 Fountain soda is taxed more heavily than bottled or canned soda in Chicago, Illinois.



- 16 Wisconsin is known for its dairy, and for taxing its various forms differently. For example, ice cream is tax exempt, but ice cream cakes are taxable.

- 15 Many states have sales tax holidays around back to school time, but Virginia's list of exempt items takes the (wedding) cake for including fur coats and wedding gowns.

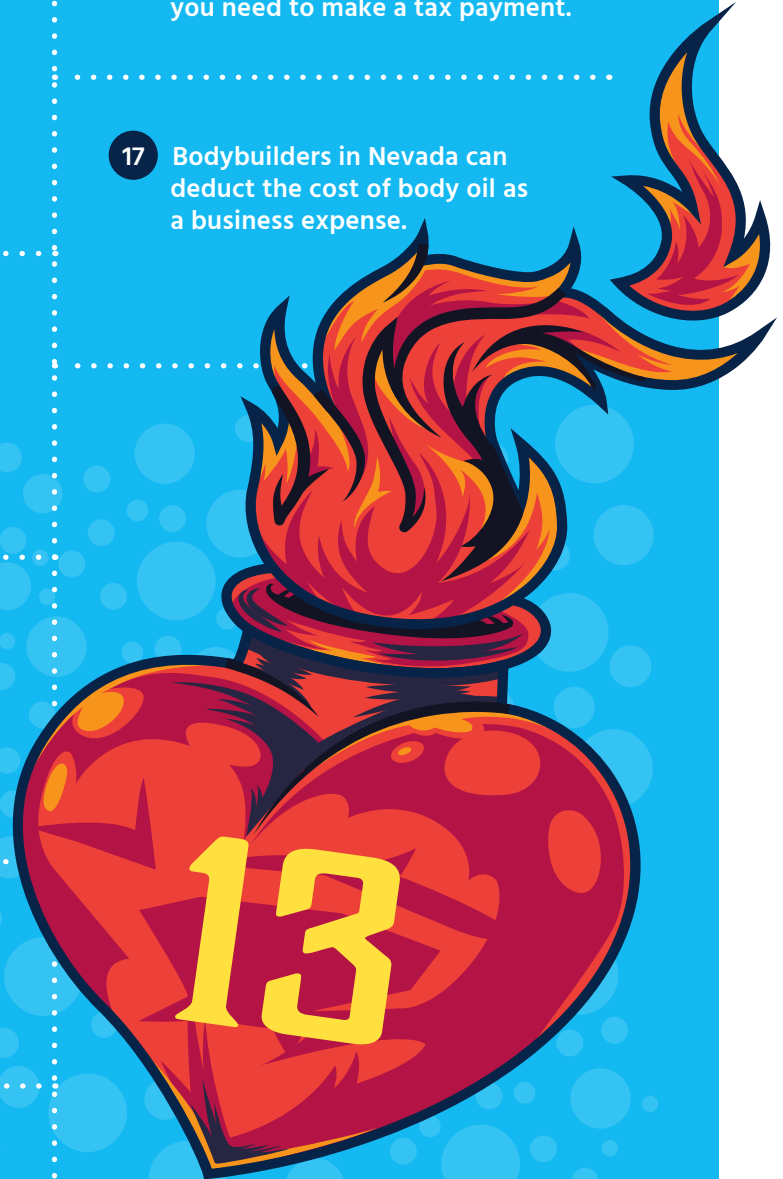
- 14 The Rosetta Stone is a tax document that explains tax laws introduced in 196 BCE.

In 1698, Peter the Great established a beard tax to encourage Russian men to be clean shaven. If you paid the tax, you were issued a "beard token" so you could travel from city to city with your beard without fear of being taxed again.



- 19 The smallest state has the most expressive tax forms. Box 16 on Rhode Island's RI-1040 tax form features a smiley face if you're getting a refund, while box 15C has a frowning emoji if you need to make a tax payment.

- 17 Bodybuilders in Nevada can deduct the cost of body oil as a business expense.



Tattoos, piercings and electrolysis treatments have been taxed in Arkansas since 2005.

- 12 In Pennsylvania, toothbrushes and dental floss are tax exempt, but water flossers remain taxable.

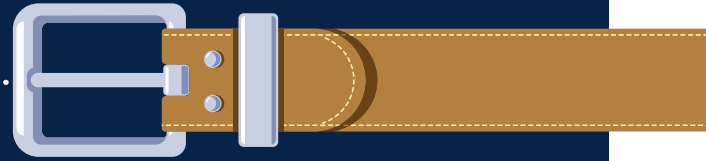


10 Plants and seeds used to grow food are tax exempt in Florida. Interestingly, some flowers are also tax exempt.

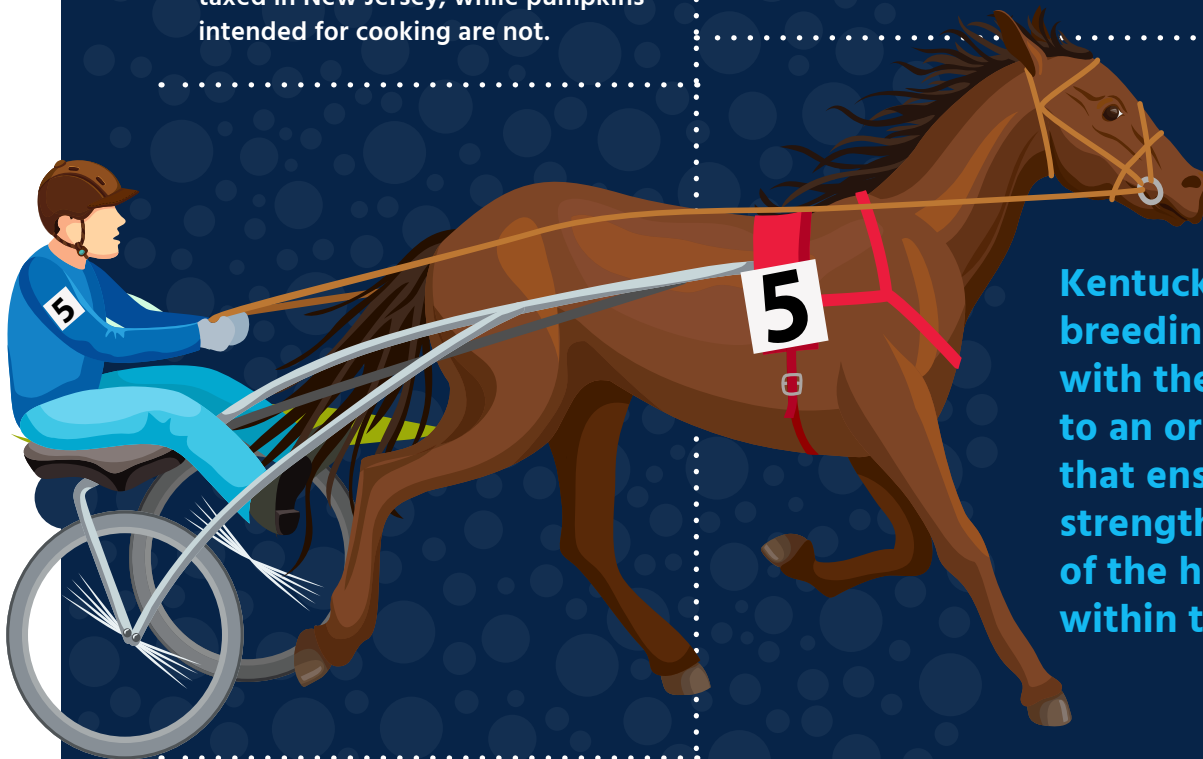
8 Ohio takeout food is tax-free. Sitting at a restaurant for a meal? Expect to pay sales tax.

6 Pumpkins used for decoration are taxed in New Jersey, while pumpkins intended for cooking are not.

9 Belts purchased in Texas are tax exempt, but belt buckles are not.



7 Cyclists in Oregon must pay a \$15 excise tax on each bike they purchase. The proceeds are used to fund grants to build bike trains and pedestrian walkways.



Kentucky taxes horse breeding services, with the funds going to an organization that ensures the strength and growth of the horse industry within the state.

4 Riding in a tethered hot air balloon is subject to Kansas' amusement tax, but an untethered balloon ride is seen as tax-free transportation.

3 In Massachusetts, baked goods are only taxable when sold in units of six or more. So go ahead, treat yourself to something sweet.

2 In Indiana, marshmallows crème is a nontaxable food item because it's not sold by the piece, bar or drop. Marshmallows, however, are taxed.

1 Want to know something cool? In Arizona, it's assumed that ice cubes will be ingested, so they aren't taxed, while ice blocks are.





## Conclusion

Tax laws are constantly changing. Businesses cannot assume that sales tax requirements that were in place one year will never be amended or updated. As you can see, states have creative rules when it comes to sales and use tax, and there are real consequences to noncompliance. Organizations must get it right, even if the rules are difficult to understand and vary from one jurisdiction to another.

With the right partner, companies can focus on important business priorities instead of the tax implications of takeout orders.

## Take action

When it comes to tax compliance, businesses don't have the luxury of waiting. Simplify your sales and use tax management with Sovos. [Talk to one of our experts.](#)



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