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From the [Avalara blog](#).

Dealing with sales tax can be a ghoulish task, especially if you do business in multiple states. The rates and rules vary widely by state and it can be frighteningly difficult to know how to calculate and apply them correctly. Take Halloween, for example. Who doesn't love to dress up in costume, carve pumpkins and indulge in seasonal sweets? But figuring out if and when to apply sales tax to these getups and goodies is far from a treat.

## **Pumpkins**

There's something magical about transforming garden-variety gourds into grinned jack-o'-lanterns. But be aware: **not all pumpkins are created equal**. In some states like New Jersey, Pennsylvania and Washington, taxability depends on if your pumpkin is tricked-out or treat-worthy. Pumpkins to be used for decoration (painted, varnished or carved) are taxed while pumpkins used for food (like pie) are tax-exempt. Massachusetts is a little more lenient; the decorating needs to have already happened to tax to apply. Pumpkins sold in their raw state are exempt, even if you carve or paint them after purchase. In Iowa, all pumpkins used to be taxed, but farmers complained, so now the state only applies sales tax to inedible gourds. In Alabama, to avoid tax, head to the pumpkin patch. Pumpkins are exempt only when sold by the person or corporation that planted, cultivated, and harvested them, and the seller must provide proof of origin for buyers to get the exemption.

## **Costumes**

[Sales tax holidays](#) aren't just for back to school supplies. In states like Georgia, you

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International borders are trickier. Import taxes can really carve a chunk out of your costume budget in tariffs and duties. In the 1990s, the US Court of International Trade reclassified imported textile garments – including costumes – as “wearing apparel” (subject to duty) instead of “festive articles” (duty free), based on a lawsuit brought ironically by a costume company. The amount of the duty varies by article. For example, [a multi-piece Santa suit](#) has different tax rates charged on the trousers, jacket, beard, wig, shoes, gloves – even the sack – ranging from zero (tax free) up to as much as 32 percent.

## Candy

Handing out candy for Halloween? Don't get tricked into [paying more for those treats](#). Some states, including Washington, North Carolina, Illinois, Colorado and Connecticut have a lower sales tax rate for items classified as “food” based on having flour as an ingredient. This includes some candy items like Kit Kat and Twix. The flour factor can show just how nuanced states can get with product taxability and complicated it can be for sellers to get sales tax right. In fact, an investigation in North Carolina uncovered that retailers were [overcharging sales tax on candy](#) that should have been exempted under this rule.

State sales tax regulations can be tricky and it's no treat trying to figure them out on your own. It's easy to get caught up in the complex web of sales tax rules and rates. You know what else is scary? Trying to manage sales tax without dedicated software to do it for you. Ward off the evils of calculating tax and filing returns by automating sales tax in your ERP, ecommerce or billing system with Avalara AvaTax. For the bigger story on better sales tax management, check out [A Tale of Two Accounting Departments](#)

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