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Gail Cole • Feb. 02, 2022



A sales tax holiday is a limited time period during which some normally taxable products are exempt from sales tax. Approximately 17 states provide one or more sales tax holidays each year; the precise number fluctuates because some states adopt new holidays while others allow existing holidays to expire.

[From the [Avalara blog](#).]

While broad sales tax holidays exist, tax-free periods in most states typically center

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tax holiday provides an exemption for cosmetics, handbags, jewelry, and wigs, as well as athletic uniforms, but these items remain subject to tax during the sales tax holiday in Connecticut and Iowa. No matter what qualifies for the temporary exemption, tax-free periods tend to be popular with consumers. Many business owners also like them since they encourage shopping and can boost sales.

However, [sales tax holidays aren't necessarily a net positive for businesses](#) because they come at a cost. For example, retailers must update sales systems to ensure tax isn't applied to qualifying transactions. In states like Alabama, which doesn't require local governments to participate in sales tax holidays, [retailers may have to exempt the state portion of the tax but apply some local sales taxes](#). Price restrictions must be accounted for, which may be as "simple" as programming systems to exempt sweaters priced \$100 or less but tax sweaters priced above \$100 (as in [Connecticut](#)), or as onerous as exempting a portion of the price of a paddleboard but taxing any additional cost (as during [Florida's 2021 Freedom Week](#)). Retailers must also understand and account for how the holiday affects the taxability of shipping charges, layaway sales, and returns. They must train staff, report exempt sales properly, and so on.

It's a lot.

As always when sales tax is involved, businesses must also be alert to legislative and policy changes that can impact compliance. That's perhaps never been truer than during the time of COVID-19.

How has COVID-19 impacted sales tax holidays?

As we all know, the COVID-19 pandemic emptied the coffers of many businesses and individuals. To help bolster sales and give consumers a bit of a break, some states

adopted new sales tax holidays — of both the conventional and unconventional

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[food and drink](#) in 2020 and again in [2021](#). [Connecticut carved out temporary sales tax relief](#) for restaurants: Qualifying “sellers of meals” could opt to keep the tax collected on meals sold the week of August 1–7, 2021, *or* December 12–18, 2021, *or* May 15–21, 2022. And [New Mexico allowed certain food or beverage establishments to keep gross receipts taxes](#) collected from customers during a four-month period, starting with tax filings due in late April 2021. New York considered a similar tax-free period for restaurant food and drink but didn't move forward with it.

[Puerto Rico provided a temporary sales tax exemption for personal protective equipment](#) in 2020, a move Virginia took further by [establishing an exemption for face masks](#) and other personal protective equipment until further notice. [Nevada](#) developed a one-of-a-kind annual sales tax holiday for a special segment of its population: qualifying members of the Nevada National Guard.

Some tax experts believe the [future will bring even more sales tax holidays](#) at various times of years, and what states have done during the pandemic suggests that will bear out.

2022 sales tax holidays

As of this writing, 2022 will include the following sales tax holidays: **Alabama**

- [Severe weather preparedness](#), February 25–27, 2022
 - Portable generators priced \$1,000 or less
 - Variety of supplies priced \$60 or less
- [Back to school](#), July 15–17, 2022
 - Books priced \$30 or less
 - Clothing priced \$100 or less
 - Computers, computer software, and school computer supplies priced \$750 or less

- School supplies priced \$50 or less

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- Clothing accessories and equipment (including cosmetics and jewelry) priced less than \$50
- Electronic devices (no price restriction)
- School supplies (no price restriction)
- Applies to state and local sales tax

All retailers are required to participate and may not charge tax on qualifying items during the sales tax holiday, which begins at 12:01 a.m. and ends at 11:59 p.m.

Connecticut

- [Clothing and footwear](#), August 21–27, 2022
 - Qualifying items priced less than \$100
 - Applies to state sales tax only (Connecticut has no local tax)

Iowa

- [Clothing and footwear](#), August 5–6, 2022
 - Qualifying items priced under \$100
 - Applies to state and local sales tax

All businesses open on these days are required to participate and cannot advertise that they'll pay or absorb the sales tax on nonqualifying items. The tax-free period begins at 12:01 a.m. and ends at midnight.

Louisiana

Act 1 (2018) temporarily removes the state's three annual sales tax holidays from the list of approved sales and use tax exclusions and exemptions in Louisiana until June 30, 2025.

However, Act 1 doesn't affect local sales and use tax exemptions in effect during the

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- [Energy efficient appliances sales tax holiday](#), February 19–21, 2022
 - Energy Star products (no price restriction)
- [Shop Maryland Tax-Free Week](#), August 14–20, 2022
 - Clothing and footwear priced at \$100 or less
 - For qualifying backpacks and bookbags, the first \$40 is exempt from sales tax

There's no local sales tax in Maryland, so the sales tax holidays apply only to the state sales tax. According to the Maryland Comptroller, the tax-free weekend for energy efficient appliances starts at 12:01 a.m. and ends at 11:59 p.m., while the August tax-free week begins at 12:01 a.m. and concludes at midnight.

Massachusetts

- [Sales tax holiday](#), August 2022 (date to be determined by the Legislature)
 - Single items of tangible personal property priced \$2,500 or less

All businesses, including internet vendors, must participate in the sales tax holiday. There is no local sales tax in Massachusetts.

Mississippi

- [Sales tax holiday](#), July 29–30, 2022
 - Clothing and footwear priced less than \$100
 - Specific school supplies priced less than \$100
 - Applies to state and local sales tax
- [Second Amendment weekend](#), August 26–28, 2022
 - Ammunition, firearms, and certain hunting supplies (no price restriction)
 - Applies to state and local sales tax

Tax-free periods in Mississippi begin at 12:01 a.m. and end at midnight.

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Both sales tax holidays begin at 12:01 a.m. and end at midnight. Local jurisdictions aren't required to participate for local sales tax, so depending on the location of the sale, local sales tax may apply. Click on the links above to find participating counties and municipalities.

Nevada

- [Nevada Day](#), October 28–30, 2022
 - Tangible personal property sold to a member of the Nevada National Guard who is on active duty and a resident of Nevada, or to their qualifying dependents

This sales tax holiday is different from most in that it applies only to qualifying members of the Nevada National Guard and their qualified dependents. Anyone interested in taking advantage of the temporary sales and use tax exemption must apply for it each year through their Commanding Officer no later than 30 days before Nevada Day. The Nevada Department of Taxation will issue a letter of exemption to eligible applicants. Retailers that make an exempt sale to qualifying National Guard members or their dependents must obtain and retain a copy of the consumer's letter of exemption. See [Senate Bill 440 \(2021\)](#) and the department's [guidance from 2021](#) for additional details.

New Mexico

- [Back to school tax free holiday](#), August 5–7, 2022
 - Bookbags, backpacks, maps, and globes priced under \$100
 - Clothing, footwear, and accessories priced less than \$100
 - Computers (desktop, laptop, or notebook) priced up to \$1,000 (includes e-readers with computing functions and tablets)

- Computer-related items (e.g., keyboards, microphones, monitors, mouse, or

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- Retailers that maintain their primary place of business in New Mexico and [employ no more than 10 employees](#) at any one time may deduct receipts from retail sales of qualifying tangible personal property with a sales price of less than \$500

New Mexico imposes a gross receipts tax rather than a sales tax, so retailers electing to participate in the tax holiday may claim a deduction for qualifying items. Both tax-free periods begin at 12:01 a.m. and conclude at midnight. Additional details can be found at [FYI-105 New Mexico Gross Receipts & Compensating Taxes: An Overview](#) (PDF).

Ohio

- [Sales tax holiday](#), August 5–7, 2022
 - Clothing priced \$75 or less
 - School instructional materials priced \$20 or less
 - School supplies priced \$20 or less
 - Applies to state and local sales tax; participation is mandatory

Ohio's tax-free period begins at 12:00 a.m. on the designated day and concludes at 11:59 p.m. Items used in a trade or business are *not* exempt under the sales tax holiday.

Oklahoma

- [Sales tax holiday](#), August 5–7, 2022
 - Clothing and footwear priced less than \$100
 - Applies to state and local sales tax; participation is mandatory

Puerto Rico

- [Back to school](#), January 7–8, 2022; July 2022, dates to be determined

- School materials

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- School supplies
- Select bed and bath items and other products
- No price restrictions on eligible goods
- Applies to state and local tax; participation is mandatory

South Carolina's tax-free period begins at 12:01 a.m. on the first Friday in August and runs through the following Sunday.

Tennessee

- [Sales tax holiday for gun safes and gun safety devices](#), July 1, 2021–June 30, 2022
 - Retail sales of gun safes and gun safety devices
- [Sales tax holiday](#), July 29–31, 2022
 - Apparel priced \$100 or less
 - Computers, laptops, and tablets priced \$1,500 or less (excludes software)
 - School and art supplies priced \$100 or less
 - Applies to state and local sales tax; participation is mandatory for merchants selling qualifying items

The annual sales tax holiday begins at 12:01 a.m. on the last Friday in July and concludes at 11:59 p.m. the following Sunday.

Texas

- [Emergency preparation supplies sales tax holiday](#), April 23–25, 2022
 - Hurricane shutters and emergency ladders priced less than \$300
 - Portable generators priced less than \$3,000
 - Specified emergency preparation supplies priced less than \$75
 - Applies to state and local sales tax; participation is mandatory
- [Energy Star sales tax holiday](#), May 28–30, 2022

- Energy Star air conditioners priced at \$6,000 or less

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No price restrictions

- Applies to state and local sales tax; participation is mandatory
- [Sales tax holiday](#), August 5–7, 2022
 - Clothing and footwear priced less than \$100 (including cloth and disposable fabric face masks)
 - Specified school supplies and school backpacks priced less than \$100 per item
 - Applies to state and local sales tax; participation is mandatory

Tax-free periods in Texas typically begin at 12:01 a.m. and conclude at midnight. The Texas Comptroller reminds that internet, mail, and telephone orders generally qualify, as long as either:

- The item is both paid for by the customer and delivered during the exemption period; *or*
- The customer orders and pays for the item (and the seller accepts the order) during the exemption period for immediate shipment, even if delivery is made after the sales tax holiday concludes

West Virginia

- [Back to school](#), August 5–8, 2022
 - Clothing and footwear priced \$125 or less
 - Computers (laptop or tablet) priced \$500 or less
 - School instructional materials priced \$20 or less
 - School supplies priced \$50 or less
 - Sports equipment priced \$150 or less
 - Applies to state and local sales and use tax; participation is mandatory

The West Virginia tax-free period starts at 12:00 a.m. on the Friday before the first Sunday in August and concludes the following Monday at 11:59 p.m.

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- Small business sales tax holiday ([H0439](#) and [S0712](#))

Virginia could decide to renew its annual sales tax holiday, which is set to expire in July 2022. And as noted above, other states may decide to add new or expand existing sales tax holidays in response to the pandemic.

Sales tax holidays apply to online sales

Sales tax holidays can affect any retailer registered for sales tax in the state, including internet sellers based in other states.

With the exception of Missouri, all of the states listed above enforce economic nexus. This means businesses whose sales in the state meet or exceed the state's economic nexus threshold (e.g., \$100,000 or 200 transactions in the state in the current or preceding calendar year) must register then comply with all applicable sales tax laws — including sales tax holidays. Missouri will enforce economic nexus starting January 1, 2023.

Remote online retailers selling beneath a state's economic nexus threshold aren't off the hook. Heightened sales activity during a temporary tax-free period could catapult a remote retailer over an economic nexus threshold, and [some states require remote retailers to register and start collecting sales tax as soon as they cross the threshold](#). Here's [what you need to know before you register for sales tax](#).

To learn more about economic nexus laws, see our [state-by-state guide to economic nexus](#).

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Gail Cole is a Senior Writer at [Avalara](#). She's on a mission to uncover unusual tax facts and make complex laws and legislation more digestible for accounting and

business professionals.

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