



## Eating and Drinking Establishments

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The sale of meals and beverages is subject to sales tax and any person making such sales must acquire a sales tax license and collect sales tax based upon the total consideration paid thereon.

Caterers and other persons similarly engaged are liable for sales tax on the total selling price of items sold and/or charges for service essential to providing meals and beverages.

Private enterprises, such as commercial and manufacturing companies, and public agencies, such as governmental organizations, regularly serving, and charging their employees or the public for meals and beverages, are liable for sales tax based upon the selling price of such meals and beverages.

Fund-raising meals priced in excess of the regular selling price are subject to tax on the regular selling price.

When a customer purchases one dinner and receives another free as a result of presenting a coupon issued by the restaurant, tax applies only to the actual price charged. However, tax applies to the full (non-discounted) price of the meal when an entity other than the restaurant issues a coupon or similar chit for a price reduction or free meal.

Boarding houses, which serve meals only to persons regularly boarding there and not to the public, should not collect sales tax on the meals. Such boarding houses must pay City sales tax on their purchases of food as well as any non food items.

Bed and Breakfast Inns are engaged in selling meals, snacks and accommodations and the entire charge made is subject to sales tax. Therefore, Bed and Breakfast Inns can purchase food served to paying guests and guestroom supplies, such as tissue, soaps, lotions, or shoeshine cloths, free of sales tax.

The following gratuities are not subject to sales tax if the total amount of the gratuity is distributed by the vendor to persons who actually render the service: cash tips (money left by the patrons for use of those providing the service), charge tips (amounts added to sales check by the patrons for use of those providing the service), banquet tips, and tips separately stated and added to the sales check by the vendor at a flat rate.

THE ABOVE INFORMATION IS A SUMMARY IN LAYMAN'S TERMS OF THE RELEVANT LOVELAND TAX LAW FOR THIS INDUSTRY OR BUSINESS SEGMENT. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE LMTC (LOVELAND MUNICIPAL TAX CODE) AND APPLICABLE RULES AND REGULATIONS.