

Food and Beverage Tax

On Monday, September 11, 2017, the Village Board adopted a 1% Food and Beverage Tax, **effective November 1, 2017**. The tax is expected to generate \$700,000 per year to offset a portion of the recent loss of three major sales tax producing businesses.

Frequently Asked Questions

What is the tax?

The Lincolnshire Food and Beverage Tax is a 1% tax on the purchase price of food or alcoholic liquor and non-alcoholic beverages sold for immediate consumptions.

When will this tax take effect?

November 1, 2017. (Taxes from November sales are due by January 1)

Where are these taxable items sold?

Any establishment licensed under "Title 3 Chapter 3 Liquor Control" of the Lincolnshire Municipal Code with respect to the sale of liquor. Additionally:

- Restaurants or eating places, drive-in restaurants, fast food outlets
Catered events held on private and corporate property and at event venues
- Cafeterias, cafes, lunch counters, delicatessens, sandwich shops, coffee shops, buffets
- Soft drink parlors, ice cream parlors, tearooms
- Hotels, motels or inns
- Grocery stores
- Banquet facilities, catering facilities & services
- Bakeries and confectioners
- Movie theatres, bowling alleys, billiards halls, golf courses, tennis clubs, fitness clubs
- Convenience stores and Gas stations
- Ice Cream and Food trucks
- Festival food & beverage vendors

On what sales is the Food and Beverage Tax assessed?

You must collect and pay the Food and Beverage Tax if you make retail sales of prepared food and non-alcoholic drinks that have been prepared for immediate consumption, whether on or off the premises. The tax will also be collected on alcoholic beverages that have been prepared for immediate consumption but not packed liquor for consumption off premises. Examples of taxable sales include but are not limited to:

- All food and beverages (alcoholic and non-alcoholic) served in restaurants and by caterers; including carry out orders and delivery orders
- All restaurant style food sold at grocery stores and similar places of eating, such as prepared chicken, ice cream cones and hot soup.
- All restaurant style food sold at convenience stores, such as hot dogs, donuts, and nachos.
- All beverages served to diners in a restaurant and to patrons in a bar/tavern.

- Brewed coffee, fountain drinks and other dispensed beverages sold for immediate consumption on or off premises in a grocery store and convenience store.

Are there any “Prepared Food and Beverage Facilities” exempt from the tax?

This tax is not imposed on the following:

- Vending machines
- Daycare centers and nursing homes providing food and beverages in a contractual agreement.
- Other facilities of not-for-profit associations or corporations.
- Complimentary food and beverage with a service.

What transactions are exempt from the Food and Beverage Tax?

Products that are prepared off-site in packages ready for retail sale and not for immediate consumption. Examples of products that are exempt from the Food and Beverage Tax include, but are not limited to:

- Pre-packed pizzas or other frozen food products sold in a grocery store or convenience store.
- A can of soda, six-pack of beer, and wine from a cooler or convenience store.
- General grocery items such as bread, milk, and eggs that are in their original packaging and not prepared for immediate consumption.
- Items **sold** by a non-profit group (Provided a copy of the group’s sales tax exemption letter issued by the Illinois Department of Revenue is filed with the Lincolnshire Finance Director). May include: Government entities, hospitals and medical treatment facilities
- Items **sold** by a community organization; as defined by Lincolnshire’s “Kiosk Usage Policy”; specifically #1 and #5.

Do I have to register my business as a prepared food facility subject to the tax?

Yes. Every owner and operator of any prepared food and/or beverage facility must register as a retailer before opening for business. This is a one-time registration that will remain effective unless there are changes of business ownership, management or location.

Who is going to pay the businesses for administering this tax?

The Village will apply a 2.5% discount to all businesses which pay on time. *The returns and tax payments shall be due and owing as of the first day of the second month following the month covered by said return (i.e. taxes from November sales are due by January 1st).* This discount will serve as a service fee to reimburse businesses for expenses incurred in keeping of records, data, billing, preparing and filing returns and submitting data to the Village.

Who is liable for payment?

The ultimate incidence and liability for payment of the tax is borne by the purchaser of prepared food and beverages at a prepared food and beverage facility. However, the owner and operator of each prepared food facility has the duty to collect, secure and account for the tax at the time of purchase. Any prepared food facility found to be violating or refusing to comply with the tax is subject to penalties and will not be released from the payment of the tax.

Is gratuity to be included in the cost of the meal?

No. The tax is paid on purchase price. Purchase price does not include amounts paid as gratuities for the employees.

How will this tax be applied to a food and beverage purchase?

Example: \$150 dinner & drinks, customer presents a 33% off coupon

Gross	\$150
Less: Discounts	<u>- 50</u>
Equals: Purchase Price	\$100
Add: Sales Tax (8%)	+ 8
Add: Food & Beverage Tax (1%)	<u>+ 1</u>
Equals: Total Sale	\$109
Add: Gratuity (<i>for illustrative purposes</i>)	<u>+ 20</u>
Equals: Total Customer Payment	\$129

How do I show this tax on my retail receipts?

You may either separately state this tax, or state this tax in combination with other taxes on the receipts you give your customers.

What form must I use to report the Food and Beverage Tax?

The Village will email each registered businesses an electronic Food and Beverage Tax Return form, in excel format (also available on Lincolnshire's website)

Where do I file my return?

You should mail or deliver your sworn Food and Beverage Tax Return and payment to:

Village of Lincolnshire
Food and Beverage Tax Returns
One Olde Half Day Road
Lincolnshire, Illinois 60069

When is my monthly Food and Beverage Tax Return and tax payment due?

The returns and tax payments shall be due and owing as of the first day of the second month following the month covered by said return (i.e. taxes from November sales are due by January 1st). The sworn food and beverage tax returns must also be accompanied with a copy of the Form ST-1 filed with the Illinois Department of Revenue covering the same reporting period.

How will payment be submitted?

Food & Beverage Tax will be submitted to the Village by check, money order, or cash on a monthly basis along with the Food and Beverage Tax form, plus additional ST1 documents (State tax filing form).

How do I file if I have more than one site?

If you make retail sales from more than one site you must file a separate Food and Beverage Tax Return for each site.

Must I file the Food and Beverage Tax Return even if I have no sales to report?

Yes. You must file a signed return form for each monthly reporting period regardless of whether or not there are receipts to report. You may file a "zero" return.

What if I do not file and pay by the due date?

If a tax return is not filed by the due date, a late filing penalty of five percent (5.0%) of the amount of tax shall be imposed; and a late payment penalty of five percent (5.0%) shall be imposed for late payments. (Ord 3-1-9-10)

Do caterers have to pay the Food and Beverage Tax?

Yes. Catering for all events held within the Village limits is subject to the Food and Beverage Tax, regardless of where the caterer's place of business is located. Events catered by Lincolnshire caterers OUTSIDE the Village limits are not subject to the tax. Events inside the Village limits are subject to the tax, even if the caterer's location is outside of Lincolnshire. The tax does not apply to goods associated with the event, such as linens, china, etc. if those items are distinctly priced separately in the event contract.

When a caterer has a dinner at a not-for-profit facility, is the Food and Beverage Tax charged on the meal?

Yes. Catering for all events held in the Village is subject to the Food and Beverage Tax, regardless of where the caterer's place of business is located. However, if the event is sponsored by and is an event of the not-for-profit agency, and the not-for-profit agency is sales tax exempt, then the "Food and Beverage" tax does not apply.

What other communities impose a Food and Beverage Tax?

Numerous communities throughout the State of Illinois impose a Food and Beverage Tax, typically at a rate between 1-2%. Communities proximate to the Village of Lincolnshire with a Food and Beverage Tax include: Bannockburn (1%), Buffalo Grove (1%), Deerfield (1%), Highland Park (1%), Lake Bluff (1%), Libertyville (1%), and Wheeling (1%).

If I have questions, who should I contact?

Please call Michael Peterson, Finance Director, at 847-913-2303 or mpeterson@lincolnshireil.gov

Please note the information above may change without notice.