



VILLAGE OF
LINCOLNSHIRE
FINANCE DEPARTMENT

Food and Beverage Tax

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 consumption.

When did the tax take effect?

November 1, 2017

Where are 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, the Food and beverage Tax is applied at the following establishments:

- 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 and services
- Bakeries and confectioners
- Movie theatres, bowling alleys, billiard halls, golf courses, tennis clubs, fitness clubs
- Convenience stores and gas stations
- Ice cream and food trucks
- Festival food and beverage vendors

On what sales is the food and beverage tax assessed?

Establishments must collect and pay the food and beverage tax on retail sale of food and non-alcoholic drinks that are prepared for immediate consumption, whether on or off the premises. The tax will also be collected on alcoholic beverages that are 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 grocery and convenience stores

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

The 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

What items 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 are exempt from the tax. 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 grocery and convenience stores
- 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 in their original packaging and not prepared for immediate consumption
- Items **sold** by a non-profit group (a copy of the group's sales tax exemption letter issued by the Illinois Department of Revenue must be filed with the Lincolnshire Finance Director). This 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

Who pays the businesses for administering the 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 violating or refusing to comply with the tax is subject to penalties and will not be released from payment of the tax.

Are gratuities 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 to employees.

How is the tax 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>example</i>)	<u>+ 20</u>
Equals: Total Customer Payment	\$129

How do I show this tax on my retail receipts?

Each business owner determines how to display the tax; it may be stated as a separate item or in combination with other taxes on receipts given to customers.

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

Yes. Every owner and operator of a prepared food and/or beverage facility must register before opening for business. This is a one-time registration that remains effective unless there are changes of business ownership, management, or location. The registration form is located on the Village website; it should be completed and sent to Matt Rossi, finance director (see email address below).

What form must I use to report the food and beverage tax?

Upon receipt of the food and beverage tax registration form, Matt Rossi, finance director, will email the Food and beverage Tax Return Form to the tax preparer identified on the registration form. The form is also available on the Village website or by clicking [here](#). The Illinois Department of Revenue ST-1/ST-2 forms must be submitted along with Lincolnshire's Food and beverage Tax Return Form.

How do I submit my food and beverage tax return?

Three items make up your food and beverage tax return:

1. a completed food and beverage tax return form,
2. the Illinois Department of Revenue ST-1/ST-2 form, and
3. the tax payment

Forms and tax payment may be mailed to:

Village of Lincolnshire
Food and beverage Tax Returns
1 Olde Half Day Rd.
Lincolnshire, IL 60069

Or may emailed to Matt Rossi, mrossi@lincolnshireil.gov

When is my monthly food and beverage tax return and tax payment due?

Forms and payments are due one month in arrears.

For example, taxes from November sales are due by January 1st. 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 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, zero return form for each monthly reporting period.

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 Village limits is subject to the food and beverage tax, regardless of the caterer's location. Events catered by Lincolnshire caterers OUTSIDE the Village limits are not subject to the tax. 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 are subject to the food and beverage tax, regardless of the caterer's location. 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%) including: 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 Matt Rossi, finance director, at 847-913-2303 or mrossi@lincolnshireil.gov

Please note the information above may change without notice.