

DEPARTMENT OF STATE REVENUE

DEPARTMENTAL NOTICE # 21

JULY 2005

FOOD AND BEVERAGE TAXES

This document does not meet the definition of a "statement" required to be published in the Indiana Register under IC 4-22-2-7. The purpose of this Notice is to provide general information concerning the enactment and imposition of the food and beverage tax as a result of passage of HEA 1120-2005.

HEA 1120-2005 authorized several counties and municipalities to enact an ordinance to impose a one percent (1%) food and beverage tax.

The food and beverage tax applies to any transactions in which food or beverage is furnished, prepared or served for consumption at a location or on equipment provided by a retail merchant for consideration.

Consumption at a location or on equipment provided by a retail merchant include transactions in which food or beverage is served by a retail merchant off the merchant's premises. It includes food sold in a heated state or heated by a retail merchant. The transaction would also be subject to tax if it includes two or more food ingredients mixed or combined by a retail merchant for sales as a single item.

EXAMPLE: A deli counter in a grocery store sells meat, cheese and bread and combines the ingredients to make a sandwich to sell to its customers. These sales would be subject to the food and beverage tax.

Food sold with eating utensils provided by a retail merchant, including plates, knives, forks, spoons, glasses, cups, napkins, or straws will make the food or beverage subject to the food and beverage tax.

The food and beverage tax does not apply if the transaction is exempt from the sales tax.

The tax that is collected will be remitted to the Department of Revenue on forms provided by the Department. The food and beverage tax will be imposed, paid, and collected in the same manner as the sales tax. The food and beverage tax remittance will be filed on a separate return from the sales tax return.

A handwritten signature in black ink that reads "John Eckart". The signature is written in a cursive style and is positioned above a solid horizontal line.

John Eckart
Commissioner