



# Indiana Food & Beverage Tax

## Business Guide



*Updated September 2020*

**Indiana Department of Revenue**

# A Business Guide to Indiana Food & Beverage Tax

Welcome to the Indiana Department of Revenue's (DOR) business guide to Food and Beverage (FAB) tax. In this document you will find:

- How does FAB work?
- What transactions are subject to FAB?
- Am I collecting the correct tax?
- FAB Rates
- How to Register for and Pay FAB
- Additional Resources
- DOR Contact Information

## How does FAB work?

FAB is a county/municipality tax. Once the county/municipality decides the need for additional funding through FAB, they will need the support of their local legislator. The legislator will then introduce a bill for consideration during the legislative session. Legislation may include requirements for the county/municipality to pass an ordinance or specify the duration FAB will be collected.

After the supporting legislation has passed through the legislative process and been signed into law, the local government entity needs to pass an ordinance to adopt the tax.

FAB may be effective at the county level, municipal level or both. It is not necessary for the county to have FAB in effect prior to a municipality.

## What transactions are subject to FAB?

FAB applies to transactions, in counties/municipalities that have enacted this tax type, in which food or beverages are furnished, prepared or served by a retail merchant for consumption at a location or on equipment provided by a retail merchant for consideration (payment). This includes food sold in a heated state or heated by the retail merchant or if two or more food ingredients are mixed or combined by a retail merchant for sales as a single item. It also includes food or beverages served by a retail merchant off the merchant's premises.

A transaction involving food sold with eating utensils provided by the retail merchant, including plates, knives, forks, spoons, glasses, cups, napkins or straws, is subject to FAB.

## Taxable transactions include:

- Food sold and served by a retail merchant that is performing catering activities;
- Food sold at a deli counter in a grocery store that is cooked or heated on the premises of the retail merchant; and
- Where the seller provides eating utensils, including plates, knives, forks, spoons, glasses, cups, napkins or straws.

## Transactions not subject to tax include:

- Sales of food that is only cut, repackaged or pasteurized by the seller.
- Sales of eggs, fish, meat and poultry requiring cooking by the consumer.

For more information on what qualifies for FAB and sales tax, please refer to [General Tax Information Bulletin #203](#) and [Sales Tax Information Bulletin #29](#).

## **Am I collecting the correct tax?**

With the exception of catering companies and marketplace facilitators, businesses base their FAB collections on their physical building address from which food or beverages are furnished, prepared or served.

If your business caters outside of the county/municipality where your business headquarters is located, you must pay FAB in the county in which the food is served.

Marketplace facilitators that facilitate the sale of food or beverages by connecting sellers of those items with purchasers on an online marketplace must register to collect FAB in all adopting jurisdictions from which they facilitate such sales. A marketplace is generally considered any forum that connects buyers and sellers for the purpose of making retail transactions (IC 6-2.5-1-21.7). A marketplace facilitator is generally considered to be a person that operates a marketplace and collects payments or provides access to payment services (IC 6-2.5-1-21.9). For more information on marketplace facilitators, see [dor.in.gov/business-tax/remote-seller-information/marketplace-facilitators](https://dor.in.gov/business-tax/remote-seller-information/marketplace-facilitators).

Taxable transactions of marketplace facilitators are sourced to the location of the seller, not the location where the food is delivered.

For example: A meal delivery company with a popular app that connect several different restaurants in Marion County and Hamilton County with customers in those counties is a marketplace facilitator. A customer orders food on the app from a restaurant in Marion County to be delivered to Hamilton County. FAB would need to be collected by the meal delivery company at the Marion County rate (where the restaurant is located).

All marketplace facilitators are required to submit FAB directly to DOR.

## **FAB Rates**

FAB rates vary by county/municipality can be found on DOR's website at [dor.in.gov/business-tax/food-and-beverage-tax](https://dor.in.gov/business-tax/food-and-beverage-tax) or [dor.in.gov/business-tax/county-innkeepers-information](https://dor.in.gov/business-tax/county-innkeepers-information). If you are near county/municipality borders, DOR suggests first entering your address into our online tool at [bit.ly/2HOreDX](https://bit.ly/2HOreDX) to assist in identifying the proper municipality to collect FAB. Be sure to include both county and municipality tax after confirming your location.

The total rate that applies to a transaction is the county rate plus the municipal rate, if applicable. For example, the total FAB for a transaction occurring in Carmel, IN is two percent (2%). The rate is based on the Hamilton County rate of one percent (1%) plus the municipality of Carmel rate of one percent (1%). Please note that while this combined total is how the transaction would appear to customers, businesses are responsible for filing and remitting county and municipal FAB taxes separately through the Indiana Taxpayer Information Management Engine (INTIME), DOR's new e-services portal, at [intime.dor.in.gov](https://intime.dor.in.gov).

If your county/municipality is new to FAB and it is not yet in effect, contact them directly for tax rates.

## **How to Register for and Pay FAB**

To register your business and/or to add FAB, you must do so through your INBiz account at [inbiz.in.gov](https://inbiz.in.gov).

- If you are a new business, you will need to register as a new business through INBiz.
- If you're an existing business, you will need to add FAB to your account in INBiz.
- For help registering for INBiz, you may contact the INBiz Office at 317-234-9768.

Currently, all tax returns and remittances for FAB are filed with DOR with the exception of Johnson County. *Tax returns and remittances for FAB in the City of Greenwood, which is within Johnson County, are required to be filed with DOR effective March 1, 2020.*

To remit collected FAB, you must register as described above and pay through INTIME at [intime.dor.in.gov](http://intime.dor.in.gov). The return for FAB (FAB-103) is separate from the sales and use tax return.

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The filing of the return and the remittance of the tax collected are due 30 days after the end of the month in which the transactions occur. However, if your monthly average FAB tax collected is \$1000 or greater, your filing is due on the 20th of the month following the month in which the transactions occur. For example, if your average FAB tax collected is \$1200, you have until July 20 to file for June; if your average FAB tax collected is \$400, you have until July 30. If the due date falls on a weekend, federal or state holiday, the payment is due on the next business day. Filing deadlines can be found and downloaded at [dor.in.gov/individual-income-taxes/filing-my-taxes/tax-filing-deadlines](http://dor.in.gov/individual-income-taxes/filing-my-taxes/tax-filing-deadlines).

Note: To pay in INTIME, a business must allow at least 24 hours after registering for FAB in INBiz.

### **Additional Resources**

Contact your county auditor's office to learn more about FAB in your county.

- General Tax Information Bulletin #203 – Food and Beverage Tax: [dor.in.gov/reference/files/gb203.pdf](http://dor.in.gov/reference/files/gb203.pdf)
- INTIME User Guide: [in.gov/dor/files/INTIME\\_Guide.pdf](http://in.gov/dor/files/INTIME_Guide.pdf)
- Sales Tax Information Bulletin #11 – Application of Sales Tax to Restaurant Owners Including Fast Food Operations and Caterers: [dor.in.gov/reference/files/sib11.pdf](http://dor.in.gov/reference/files/sib11.pdf)
- Sales of Food Information Bulletin # 29 – Sales of Food: [dor.in.gov/reference/files/sib29.pdf](http://dor.in.gov/reference/files/sib29.pdf)

### **DOR Contact Information**

If you have additional questions about FAB, contact DOR at:

- Email: [FABtax@dor.in.gov](mailto:FABtax@dor.in.gov)
- Phone: 317-232-3425
- By mail:  
Indiana Department of Revenue  
Audit Division/Business Tax Compliance  
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