

Tax Help for the Restaurant Industry



**California State
Board of Equalization**

The Board of Equalization (BOE) is committed to helping restaurant owners and managers understand the sales and use tax issues that affect them.

The BOE wants to help you quickly find the information you need to file your taxes and avoid penalties and interest

Restaurants, caterers, and food truck operators often have questions on how to charge tax in these situations:

- Hot and cold food
- Food sold to-go
- Tips and gratuity charges
- Beverage sales
- Employee meals
- Complimentary food and beverages

For helpful information about these and other common sales and use tax issues, visit our website at www.boe.ca.gov/industry/restaurant.html



The restaurant industry attracts tourism, provides jobs and supports California's economy. BOE has programs and services to help taxpayers succeed.

Please call to request more information.

Helpful Tax Tip - Discount Coupons

If you accept coupons that allow your customers to purchase food and beverages at a reduced price (including "buy one, get one free"), tax is generally due only on the amount you receive for the sale, excluding any optional tip.

In addition, if you receive any payment from a third party (for example, Groupon™ or LivingSocial™) for any discount program, that amount is considered part of your gross receipts and is taxable.

For More Information

For additional information or assistance with how the Sales and Use Tax Law applies to your business operations, please take advantage of the resources listed below.

Customer Service Center

1-800-400-7115

TTY:711

Customer service representatives are available weekdays from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays. In addition to English, assistance is available in other languages.

Internet

www.boe.ca.gov

You can visit our website to read our [Tax Guide for Restaurant Owners](#), our industry guide, covering the most common industry issues.

Taxpayers' Rights Advocate

If you would like to know more about your rights as a taxpayer or if you have not been able to resolve a problem through normal channels (for example, by speaking to a supervisor), please see [publication 70](#), *Understanding Your Rights as a California Taxpayer*, or contact the Taxpayers' Rights Advocate Office for help.

1-916-324-2798 (or toll-free, 1-888-324-2798).

Fax number is 1-916-323-3319.

If you prefer, you can write to: Taxpayers' Rights Advocate, MIC:70; State Board of Equalization; P.O. Box 942879; Sacramento, CA 94279-0070.



How much do you know?

Test your knowledge of sales and use tax issues related to the restaurant industry

1. Are complimentary meals taxable?
Yes No
2. Are sales of carbonated beverages taxable?
Yes No
3. Is hot food sold to-go taxable?
Yes No
4. Is cold food sold for dine-in taxable?
Yes No
5. Is food that is not sold, but thrown out, taxable?
Yes No
6. Could all of a restaurant's sales be taxable?
Yes No

Answers:
1. No, complimentary food is generally not taxable, but use tax that is reported and paid by the restaurant on the cost of the item.
2. Yes, sales of carbonated beverages are generally taxable whether they are sold "to go" or consumed at your place of business.
3. Yes, sales of hot prepared food are generally taxable. "To go" sales of hot bakery goods and hot (non-alcoholic) beverages such as coffee for a separate price are generally not taxable.
4. Yes, sales of cold food to be eaten at your place of business are generally taxable.
5. No, spoilage, shrinkage and waste are not taxable but must be adequately documented in case of an audit.
6. Yes, all of a restaurant's sales can be taxed under certain circumstances (for instance, the "80/80 rule").

Please refer to the "For More Information" side of this brochure for a more detailed discussion of these issues.

While the restaurant industry is made up of many types of businesses, there are important tax issues common to all of them. Contact the BOE for assistance.

Free tax help for restaurants
www.boe.ca.gov/industry/restaurant.html



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