



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

Free tax help for restaurants
boe.ca.gov/restaurants

Tax Help for Restaurants



PLACE
STAMP
HERE

Return Address:

GEORGE RUNNER
MEMBER, 1ST DISTRICT
STATE BOARD OF EQUALIZATION
500 CAPITOL MALL STE 1750
SACRAMENTO CA 95814-4740





CALIFORNIA STATE BOARD OF EQUALIZATION

GEORGE RUNNER

MEMBER, 1ST DISTRICT

George.Runner@boe.ca.gov

California is home to tens of thousands of restaurants, bars, hotels, caterers and other food service oriented businesses. It's not surprising given the state's abundant population, cultural diversity and robust tourism.

Owning a restaurant or other food service business can be challenging and rewarding.

To be successful, owners must comply with many complicated and confusing tax laws. It's vital to understand these laws so you can stay focused on serving your customers and growing your business.

Please review the information in this brochure and online. Should you need additional assistance, do not hesitate to call the phone number listed below.

500 Capitol Mall, Suite 1750
Sacramento, CA 95814
Telephone: 916-445-2181
Fax: 916-327-4003



How much do you know?

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

1. Is complimentary food taxable?
Yes No
2. Are mandatory tips 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



The restaurant industry attracts tourism, provides jobs and supports California's economy. It's important for the government to work with taxpayers to help them succeed.

Please call or mail back the card below to request more information.

Out this card on the dotted line, attach postage and mail. Privacy Statement: Your contact info will not be shared unless required by law. It will only be used to periodically inform you of important policy issues.

Email

Daytime Phone

City/State/Zip

Address

First Name

Last Name

I would like more information about tax help for restaurants.

- Answers:
1. No, complimentary food is generally not taxable, but complimentary carbonated and alcoholic beverages are subject to use tax that is reported and paid by the restaurant on the cost of the item.
 2. Yes, mandatory tips and service charges are taxable. Optional tips are not taxable.
 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 recorded in case of an audit.
 6. Yes, all of a restaurant's sales can be taxed under certain circumstances (e.g., the "80/80 rule").

Learn more at
boe.ca.gov/restaurants

