Monroe County 1% Food & Beverage Tax

CATS

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University Tax Services

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What is the Food & Beverage Tax?

- 1% tax on prepared food and beverages sold in Monroe County

- 13 counties in Indiana have a food & beverage tax
  - Rates range between 1-2%

- Went into effect February 1st, 2018
What is Prepared Food & Beverage?

- Detailed information - Commissioner’s Directive #30
  - Provided by Indiana Department of Revenue
  - “The food and beverage tax applies to any transaction in which food or beverage is furnished, prepared, or served by a retail merchant for consumption at a location or on equipment provided by the retail merchant in a county or municipality that adopts the tax.”
Are you selling any food or beverages in this transaction?

- Yes: Did the transaction take place in Monroe County?¹
  - Yes: Monroe County 1% Food & Beverage Tax does not need to be collected
  - No: Is the transaction subject to sales tax?
    - Yes: Monroe County 1% Food & Beverage Tax should be collected
    - No: Is the food or beverage meant to be sold in a heated state?
      - Yes: Are eating utensils² provided with the food or beverage?
        - Yes: Is the food or beverage made by combining/mixing two or more ingredients by you?
          - Yes: Is the food or beverage created by only cutting or repacking the ingredients?
            - Yes: Monroe County 1% Food & Beverage Tax does not need to be collected
            - No: Monroe County 1% Food & Beverage Tax should be collected
          - No: Monroe County 1% Food & Beverage Tax does not need to be collected
        - No: Monroe County 1% Food & Beverage Tax does not need to be collected
      - No: Monroe County 1% Food & Beverage Tax does not need to be collected
    - No: Monroe County 1% Food & Beverage Tax does not need to be collected
- No: Monroe County 1% Food & Beverage Tax does not need to be collected

¹ For catering, the transaction location is based off of where the catering services take place.

² Utensils can include the following: plates, knives, forks, spoons, glasses, cups, napkins, straws.
   - A container or package used to transport the food is not considered a utensil for these purposes.
How to Remit MCFBT in KFS

• Remit on a different line item from sales tax
• Use the following information:
  • Account: 9612779
  • Sub-Account: MCFBT
  • Object Code: 9015
## Example

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<thead>
<tr>
<th>TO</th>
<th>Chart</th>
<th>Sub-Fund</th>
<th>Org ID</th>
<th>Account</th>
<th>Sub-Account</th>
<th>Object</th>
<th>Sub-Object</th>
<th>Project</th>
<th>Org RFD</th>
<th>Amount</th>
<th>Tax Origin Code</th>
<th>Ref Number</th>
<th>Description</th>
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<tr>
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<td>INTAGY</td>
<td>TAX</td>
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<td>MCFBT</td>
<td>9015</td>
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<td>10.00</td>
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<td></td>
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</tbody>
</table>

**Total:** 10.00
Scenarios

1. Would a can of coke purchased on the Bloomington campus be subject to the Monroe County Food & Beverage Tax?
   - No – Please see flowchart

2. Would a fountain drink purchased on the Bloomington campus be subject to Monroe County Food & Beverage Tax?
   - Yes – Please see flowchart
Frequently Asked Questions

• Does this need to be charged to students?
  • Sales of food by IU to an IU enrolled student are exempt from sales tax.
  • Sales exempt from sales tax are also exempt from food & beverage tax.
Frequently Asked Questions Continued

• How should I collect food & beverage tax?
  • Evaluate what items you sell in your store and determine if the food & beverage tax may affect you.
  • Update your collection methods, most likely your point of sale system will need to be programed.
Frequently Asked Questions Continued

• Should I charge food and beverage tax on _____?
  • Reference flowchart provided by Tax
  • If you have any questions after reviewing our flowchart, please reach out to taxpayer@iu.edu.
Contact Information

University Tax Services

- taxpayer@iu.edu
- https://fms.iu.edu/tax/
Questions?