

RESTAURANT and BAR SALES & COMPS

Presented by

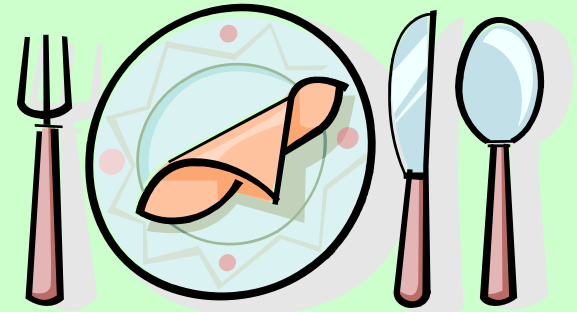
**State of Nevada
Department of Taxation**

sales

PREPARED FOOD INTENDED FOR IMMEDIATE CONSUMPTION

- Customarily sold with eating utensils provided by the seller

> *Including plates*, knives, forks, spoons, glasses, cups, napkins or straws*



- Sold in a heated state or heated by the seller
- Two or more food ingredients mixed/combined by the seller for sale as a single item

NRS 360B.460, NAC 372.605

**does not include any containers or packaging used to transport food*

CATERING - BANQUETS

- Services as part of the sale are considered taxable.

NRS 372.025(2)

- *Examples of taxable services:*

NRS 360B.480

Corkage
Cleanup

Setup Service
Carving fees



- *Examples of non-taxable charges:*

Room rental
Tips to the Servers

Room decoration



DISCOUNTS

- Calculate tax **AFTER** applying discount
- Example:

Meal	\$10.00
10% discount	<u>(1.00)</u>
Taxable	\$ 9.00



NRS 372.025(3)

COUPONS

- **Two-for-one coupons**
(*tax due on ONE meal*)

» **\$\$ off coupons**
(*treat as discount*)



- **% off coupons**
(*treat as discount*)



COUPONS

Coupon worth a set dollar amount

(example: \$20.00)

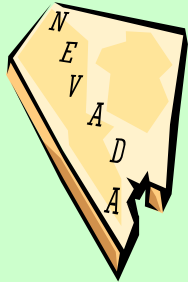
a. If the coupon does not pay for entire meal/drink
---treat as a discount

b. If the coupon pays for the entire meal/drink
---treat as a comp



EXEMPT SALES

- Sales to U. S. Government



» Sales to State of Nevada

NRS 372.325



- Sales to Nevada-exempted entities such as Churches

NRS 372.326



- Sales to certain members of Nevada National Guard and their families

NRS 372.7281

Do we pay tax on food/beverage purchases?

- Short Answer:

NO

Give your vendor a resale certificate and accrue any tax on the giveaway alcoholic beverages and paper products.

RESALE CERTIFICATE

I hereby certify that I hold valid seller's permit number _____ issued pursuant to chapters 372, 374 and 377 of the Nevada Revised Statutes; that I am engaged in the business of selling _____ ; and that the tangible personal property described in the second paragraph of this certificate, which I purchase from: _____ , will be resold by me in the form of tangible personal property. I further certify that in the event any of the property is used for any purpose other than retention, demonstration or display while I am holding it for sale in the regular course of business, it is understood that I am required by chapters 372, 374 and 377 of the Nevada Revised Statutes to report it and pay the tax measured by the purchase price of the property.

Description of the property to be purchased:

Purchaser _____

Address _____

Signature of Authorized Purchaser

Dated _____

at _____

NAC 372.730

Included in the Sales Price

Included in the sales price of beverages or food are:

1. Food and food ingredients *(NRS 360B.445)*
2. Beverage *NAC 372.350*
3. Paper products:
 - a. Napkins
 - b. Cocktail napkins
 - c. “To go” containers
 - d. Straws
 - e. Toothpicks used in food or beverage
 - e. Place settings
 - f. Plastic cups/glasses (not reusable)

Compos

COMPLIMENTARY FOOD & BEVERAGES

- Food purchased for resale and given away is NOT subject to tax *
- Alcoholic Beverages purchased for resale and given away



Should be rung up at normal retail prices

BUT, are

Taxable at Cost



** Nevada Supreme Court Decision:
Sparks Nugget v Department of
Taxation, 4/2008*

COST OF ALCOHOLIC BEVERAGE for comp purposes

Your cost includes:

- Cost of Beverage
- Cost of paper goods such as

Napkins

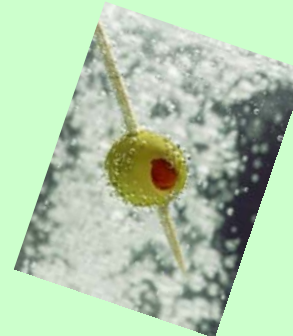
“To go” containers

Straws

Place mats

Stir sticks

Cocktail napkins



More on Paper Goods

Paper products associated with ALCOHOLIC BEVERAGE sales are subject to use tax when associated with giveaway beverages.

NAC 372.350

Sample Alcoholic Beverage Comp Calculation

This example is used when both comps and cash drinks are served from the same liquor inventory.

1. Use current **cost** of your beverage

Financial statements are a good source

Cash Sales	Comp Sales (@ retail)	Total Sales (@ retail)	Alcoholic Beverage Costs	Paper Costs	Total Cost
5,000	2,000.	7,000	1,500	200	1,700

2. Add cost of **paper** products to **alcoholic beverage** costs. This gives you **Total Cost**.

Sample Alcoholic Beverage Comp Calculation (*continued*)

3. Divide **total cost** by **retail value** of the beverage sale

Total Cost
1,700

/

Total Sales (@ retail)
7,000

=

24 %

Cash Sales	Comp Sales (@ retail)	Total Sales (@ retail)	Alcoholic Beverage Costs	Paper Costs	Total Cost
5,000	2,000.	7,000	1,500	200	1,700

Sample Alcoholic Beverage Comp Calculation (cont'd)

4. Multiply the retail value of the comp by 24%.

Comp Sales (@ retail)
2,000.



24 % = \$480

Cash Sales
5,000

Comp Sales (@ retail)
2,000.

Total Sale (@ retail)
7,000

Alcoholic Beverage Costs
1,500

Paper Costs
200

Total Cost
1,700

This is the amount you are to report for alcoholic beverage comps. (Calculate tax on \$480)

Sample Alcoholic Beverage Comp Calculation (cont'd)

This example is used when alcoholic beverage comps are served from a service bar. (No cash sales)

1. Report all direct costs and inventory transfers for the month and calculate the tax on that cost.

Reporting Paper Products on Food Comps

1. Calculate the % of food comps at retail to total food sales, (cash & comp)

Food cash sales	\$2,000
Food comp sales	<u>\$ 500</u>
Total food sales	\$2,500

$$\text{\$500} \quad / \quad \text{\$2,500} \quad = \quad \text{20\%}$$

Reporting Paper Products on Food Comps (*continued*)

**2. Multiply the % achieved in step 1
against the cost of paper products for
food for the reporting period.**

Paper cost, all food	\$ 800
Attributable to comps	<u>x 20%</u>
Amount to report for use tax	\$ 160

Reporting Paper Products on Food Comps (*continued*)

3. Calculate tax on \$160

(assume 7.75%)

$$\mathbf{\$160} \quad \mathbf{x} \quad \mathbf{.0775} \quad \mathbf{=} \quad \mathbf{12.40}$$

This is what you are to report for food paper products associated with food Comps.

Outliner

TIPS, TOKES, GRATUITIES

- Tips given by a customer to a server as a VOLUNTARY return for services rendered are not subject to tax.



HOWEVER

- If the restaurant/bar owner keeps any portion of the tip, that portion retained of the



becomes part
TAXABLE sale

*Attorney General
Opinion (AGO) 662*

VENDING MACHINES

- If you own the vending machine:
Cannot take tax out of selling price
unless there is a sign

NAC 372.760

NAC 372.520

- Must have a permit



clearly visible on machine

NAC 372.500(3)

- Must maintain records with location of each machine

NAC 372.510

- Must provide the Department with a list of vending machines; must update the list whenever machines are removed or placed in different locations.

SALES TAX INCLUDED IN PRICE

- If you include sales tax in the price of a drink or meal-----

you MUST



- *have a sign clearly visible to your customers indicating that sales tax is included, or*
- *you may have a statement imprinted on the customer receipts*

NAC 372.760(2)

OVER-COLLECTION OF TAX

- Return to the customer

OR

- Remit to the Department of Taxation



NAC 372.765

Questions?

DEPARTMENT OF TAXATION

Contact Information

**Our offices are open Monday-Friday
8:00 AM – 5:00 PM**



Southern Nevada:

(702) 486-2300

Grant Sawyer Office Building

555 E. Washington Avenue

Suite 1300

Las Vegas, NV 89101

OR

2550 Paseo Verde Parkway

Suite 180

Henderson, NV 89074

Carson City:

775-684-2000

1550 College Parkway

Suite 115

Carson City, NV 89706-7937

Reno:

775-688-1295

4600 Kietzke Lane

Building L, Suite 235

Reno, NV 89502

Elko:

775-753-1115

MORE QUESTIONS?

- **Contact your Local Office:**

702-486-2300 (Southern Nevada)

775-684-2000 (Carson City)

775-688-1295 (Reno)

775-753-1115 (Elko)



- **Department of Taxation website:**

<http://www.tax.state.nv.us/>

- Taxpayer “What You Need to Know” questions and answers
- Nevada Tax Notes
- Copies of blank returns

Written Response

Most tax issues can be addressed by the Department of Taxation. Please be advised that any responses to inquiries made to the Department are only binding if put in writing, such as Nevada Revised Statutes, Administrative Code, Nevada Tax Notes, or in written correspondence.

