



Frequently Asked Questions Prepared Food and Beverage & Alcoholic Beverage Tax

As of October 15, 2020

What is the tax?

The Prepared Food and Beverage & Alcoholic Beverage Tax is a 1% tax on the purchase price of prepared food and beverage sold for immediate consumption AND all alcoholic liquor sold at retail.

When will this tax take effect?

January 1, 2021 (Taxes from January sales are due by February 20, 2021.)

How will the Food and Beverage Tax dollars be used?

The Prepared Food and Beverage & Alcoholic Beverage Tax will be used for economic growth initiatives and support the QUINCY NEXT Strategic Plan.

What is the difference between the City's Prepared Food and Beverage & Alcoholic Beverage Tax and the State Rate printed on my ST-1 and ST-2 forms?

The City's 1% Prepared Food and Beverage & Alcoholic Beverage Tax is ***in addition to and separate from the tax remitted to the state.***

Where are these taxable items sold?

Any establishment licensed under the provisions of Chapter 111 of the Quincy Municipal Code with respect to the sale of liquor. This includes, but is not limited to:

- Restaurants or eating places, drive-in restaurants, fast food outlets, diners
- Catered events held on private and corporate property and at event venues
- Cafeterias, cafes, lunch counters, delicatessens, sandwich shops, buffets
- Soda fountains, soft drink parlors, ice cream parlors, tea rooms, coffee shops
- Taverns, bars, cocktail lounges, gaming lounges
- Hotels, motels, clubs or inns serving prepared food for immediate consumption
- Grocery stores with prepared food, alcoholic or non-alcoholic beverages for immediate consumption or alcoholic beverages at retail
- Liquor stores
- Banquet facilities, catering facilities & services
- Bakeries and confectioners with Prepared Food Facilities
- Movie theatres, bowling alleys, billiards halls, golf courses, tennis clubs, fitness clubs
- Convenience stores and gas stations selling prepared food or alcoholic beverages
- Ice Cream, beverage and food trucks
- For-profit festivals

On what sales is the Prepared Food and Beverage & Alcoholic Beverage Tax assessed?

You must collect and pay the Prepared Food and Beverage & Alcoholic Beverage Tax if you make retail sales of prepared food and alcoholic or non-alcoholic drinks that have been prepared for immediate consumption, whether on or off the premises. The tax will also be collected on all alcoholic beverages sold at retail. Examples of taxable sales include, but are not limited to:

- All food and beverages (alcoholic and non-alcoholic) served in restaurants and by caterers; including carry out orders and delivery orders
- All restaurant style food sold at grocery stores and similar places of eating, such as prepared chicken, ice cream cones and hot soup
- All restaurant style food sold at convenience stores, such as hot dogs, donuts, and nachos
- All beverages served to diners in a restaurant and to patrons in a bar/tavern, and all alcoholic beverages
- Brewed coffee, fountain drinks and other dispensed beverages sold for immediate consumption on or off premises in a grocery store, convenience store, or retail outlet
- Alcoholic beverages or packaged liquor at any establishment whether for immediate consumption or later consumption off premises

Are there any “Prepared Food and Beverage Facilities” exempt from the tax?

This tax is not imposed on the following:

- Vending machines
- Daycare centers and nursing homes, retirement centers or similar residential care facilities or programs for the central preparation of meals to be delivered and consumed at private residences of invalids or the elderly
- Grocery stores, convenience stores, or confectionary stores that do not serve prepared food for immediate consumption
- Churches, public or private schools or universities, boarding houses providing food and beverages in a contractual agreement
- Government entities
- Other facilities of not-for-profit associations or corporations
- Complimentary food and beverage with a service
- Not-for-profit events
- Farm produce stands

What transactions are exempt from the Prepared Food and Beverage & Alcoholic Beverage Tax?

Products prepared off-site in packages ready for retail sale and not for immediate consumption are not taxable. Examples of products that are exempt from the Prepared Food and Beverage & Alcoholic Beverage Tax include, but are not limited to:

- Pre-packed pizzas or other frozen food products sold in a grocery store or convenience store that will be prepared at a later time by the consumer
- Soda, water or juice, chips or candy bars in original packaging that are not part of a prepared meal package
- General grocery items such as bread, milk, and eggs that are in their original packaging and not prepared for immediate consumption
- Items **sold** by a non-profit group (Provided a copy of the group’s sales tax exemption letter issued by the Illinois Department of Revenue is filed with the City Treasurer), which may include: government entities, hospitals and medical treatment facilities

Do I have to register my business as a prepared food facility subject to the tax?

Yes. Every owner and operator of any prepared food and/or beverage facility, including exempt facilities, must register as a retailer before opening for business on January 1, 2021. This is a one-time registration that will remain effective unless there are changes of business ownership, management or location. There is no charge to register.

What will it cost the City to administer this tax?

The cost to administer this program through the localgov platform is less than 3% of the initial revenue projection.

What will it cost businesses to remit this tax?

There is no fee to register your business. Remitting your taxes via ACH, EFT, or eCHECK is free. Businesses that choose to pay taxes with a credit or debit card will pay a 3% processing fee.

Who is going to pay the businesses for administering this tax?

The City will apply a 2% discount to all businesses that pay on time. *The returns and tax payments shall be due and owing as of the twentieth day of the first month following the month covered by said return (i.e. taxes from January sales are due by February 20th).* This discount will serve as a service fee to reimburse businesses for expenses incurred in keeping of records, data, billing, preparing and filing returns and submitting data to the City.

Who is liable for payment?

The liability for payment of the tax is borne by the purchaser of prepared food and beverages at a prepared food and beverage facility, or by purchasers of alcoholic liquor at a liquor facility. However, the owner and operator of each prepared food facility or liquor facility has the duty to collect, secure and account for the tax at the time of purchase. Although the Prepared Food and Beverage & Alcoholic Beverage Tax can be passed on to patrons, the business owner is liable for collecting and submitting this tax to the City. Each business will need to determine the best mechanism for charging and collecting this tax.

Any prepared food facility or liquor facility found to be violating or refusing to comply with the tax is subject to penalties and will not be released from the payment of the tax.

Note: The City retains the right to audit the books of any business subject to this tax as outlined in the code.

Is gratuity to be included in the cost of the meal?

No. The tax is paid on purchase price. Purchase price does not include amounts paid as gratuities for the employees.

How will this tax be applied to a food and beverage purchase?

Example: \$150 dinner & drinks, customer presents a 33% off coupon

Gross	\$150
Less: Discounts	<u>- 50</u>
Equals: Purchase Price	\$100
Add: Sales Tax (8%)	+ 8
Add: Food & Beverage Tax (1%)	<u>+ 1</u>
Equals: Total Sale	\$109
Add: Gratuity (for illustrative purposes)	<u>+ 20</u>
Equals: Total Customer Payment	\$129

How do I show this tax on my retail receipts?

You may either separately state this tax, or state this tax in combination with other taxes on the receipts you give your customers.

Can I submit the Prepared Food and Beverage & Alcoholic Beverage Tax on the same form as other local taxes?

No, Prepared Food and Beverage & Alcoholic Beverage Taxes must be submitted separately from any other tax you may be liable for. You must use the online platform to remit all forms and tax payments.

Can I pay Prepared Food and Beverage & Alcoholic Beverage Taxes online?

Yes. You will register and pay the tax online. The link can be found on the city's website, www.quincyil.gov, under "GROWTH", "Quincy Fees & Taxes", or you can use the direct link, <https://lata.localgov.org>.

Where do I file my return?

You will file online through the city website or <https://lata.localgov.org>.

Can I use the drop box in the City Hall Parking Lot?

No, but you can come into City Hall and use the computer in the City Hall Lobby to pay your tax during regular business hours. If you need assistance, someone from the City Treasurer's Office will be available to answer your questions.

When is my monthly Prepared Food and Beverage & Alcoholic Beverage Tax Return and tax payment due?

The returns and tax payments shall be due and owing as of the twentieth day of the month following the month covered by said return (i.e. taxes from January sales are due by February 20th). You will need an electronic copy of the Form ST-1 (or ST-2) filed with the Illinois Department of Revenue covering the same reporting period.

What if I only file a Quarterly ST-1?

Quarterly filers will be authorized to file on the same schedule as required by the Illinois Department of Revenue.

How will payment be submitted?

You will submit your information online at <https://lata.localgov.org>.

What if I don't have access to a computer to pay online?

Computer terminals are available at the Quincy Public Library. In addition, a computer terminal is available in the lobby of City Hall during regular business hours, 8am -4:30pm Monday through Friday. If you need staff to assist you, please come to the Treasurer's Office. Please bring a copy of your completed Form ST-1 (or ST-2) that has been filed with the Illinois Department of Revenue covering the same reporting period.

How do I file if I have more than one site?

Once logged in, you can follow the prompts on the screen to report multiple locations.

Must I file the Prepared Food and Beverage & Alcoholic Beverage Tax Return even if I have no sales to report?

Yes, unless you are an exempt organization such as a non-profit church, school, or residential care facility, you must file each monthly reporting period, unless you are authorized to file quarterly by the Illinois Department of Revenue, regardless of whether or not there are receipts to report. You may file a "zero" return.

What if I do not file and pay by the due date?

If a tax return is not filed by the due date a late payment penalty of five percent (5.0%) shall be imposed for late payments.

Do caterers have to pay the Prepared Food and Beverage & Alcoholic Beverage Tax?

Yes. Catering for all events held within the City limits is subject to the Prepared Food and Beverage & Alcoholic Beverage Tax, regardless of where the caterer's place of business is located. Events catered by Quincy caterers OUTSIDE the City limits are not subject to the tax. Events inside the City limits are subject to the tax, even if the caterer's location is outside of Quincy. The tax does not apply to goods associated with the event, such as linens, china, etc. if those items are distinctly priced separately in the event contract.

Do movie theaters collect Prepared Food and Beverage & Alcoholic Beverage Tax?

Yes. Customers who purchase popcorn, nachos, fountain soda or other products for immediate consumption must pay the tax on all items.

Do pizza parlors collect Prepared Food and Beverage & Alcoholic Beverage Tax?

Yes. Pizza, prepared food, and fountain or packaged drinks for delivery are subject to the Prepared Food and Beverage & Alcoholic Beverage Tax.

Does the Prepared Food and Beverage & Alcoholic Beverage Tax apply to fresh fruit sales?

Fresh fruit located in the produce section is not taxable. Fresh fruit included with a meal or purchased as a supplement to a taxable food is taxable. (Example: Combo fast food meal with choice of fries or fruit.)

Are food gift baskets subject to the Prepared Food and Beverage & Alcoholic Beverage Tax?

No. These items are not considered for immediate consumption.

Does the Prepared Food and Beverage & Alcoholic Beverage Tax apply to school cafeterias?

Generally, school cafeterias would be exempt due to the contractual obligation to provide meal service to students. However, there are exceptions such as service to the general public or catered non-school functions at the school cafeteria. For example, if a non-student community group holds a regular meeting at the QU Cafe, any food or beverage purchased by members of the group would be subject to the Food and Beverage & Alcoholic Beverage Tax and Chartwell's Dining Services would be liable for collecting, recording and paying the tax.

When a caterer has a dinner at a not-for-profit facility, is the Prepared Food and Beverage & Alcoholic Beverage Tax charged on the meal?

Yes. Catering for all events held in the City is subject to the Prepared Food and Beverage & Alcoholic Beverage Tax, regardless of where the caterer's place of business is located. However, if the event is sponsored by and is an event of the not-for-profit agency, and the not-for-profit agency is sales tax exempt, then the "Food and Beverage" tax does not apply.

If I cater an event outside the city limits, do I charge the Prepared Food and Beverage & Alcoholic Beverage Tax?

No. The local jurisdiction determines the tax rate. If you provide services outside the City of Quincy, you should check with that jurisdiction for the local tax rate.

What other communities impose a Prepared Food and Beverage & Alcoholic Beverage Tax?

Numerous communities throughout the State of Illinois impose a Prepared Food and Beverage & Alcoholic Beverage Tax, typically at a rate between 1-3%. Communities with a Prepared Food and Beverage & Alcoholic Beverage Tax include: Alton (.5%), Bloomington (2%), Champaign

(.5%), Decatur (2%), and Elgin (3%). Additionally, many Chicago suburbs charge a Prepared Food and Beverage & Alcoholic Beverage Tax of 1-3%.

If I have questions, who should I contact?

Please call the LocalGov Customer Service Support line at 877-654-0021, service@localgov.org or you may call the City Treasurer's Office at 217-228-4575. The City Treasurer can also be reached at COQTREAS@QUINCYIL.GOV.

Please note the information above may change without notice.