

HOUSE RESEARCH

Bill Summary

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Overview

Provides the following three sales tax exemptions that relate to restaurants:

- expands the capital equipment exemption to restaurant equipment;
- exempts complementary food and beverages served to clients; and
- exempts food and drinks purchased and served to restaurant employees.

Section

- 1 Capital equipment.** Explicitly includes machinery and equipment used by restaurants to prepare and serve food in the capital equipment exemption. Currently this equipment is explicitly left out of this exemption. Effective for sales and purchases made after June 30, 2015.
- 2 Complementary meals and beverages.** Exempts meals and alcoholic and non-alcoholic beverages provided free to the customer from the sales tax. Currently the restaurant owes use tax and the 2.5 percent gross receipts tax on the value of the liquor in complimentary alcoholic beverages; and use tax on the price of any taxable item that goes into serving other complementary food and beverages (i.e. napkins, straws, prepared food purchased from another entity). No use tax is currently owed on non-taxable food ingredients. Effective for sales and purchases made after June 30, 2015.

Section

- 3** **Employee food and drink.** Exempts prepared food and drink purchased and served to employees. Currently employees pay sales tax on the discounted price of any meals or drinks they purchase and free meals and drinks supplies to employees are treated the same as free meals and drinks served to customers. Effective for sales and purchases made after June 30, 2015.