

**RESTAURANT and BAR SALES  
&  
COMPS**

*Presented by*

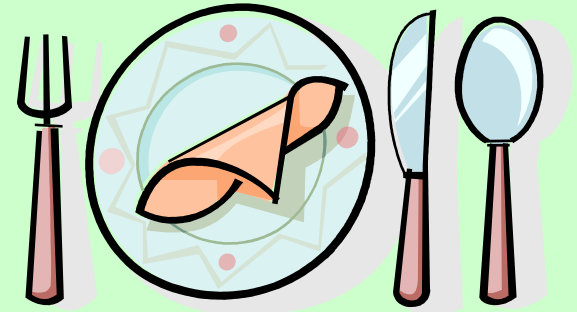
**State of Nevada  
Department of Taxation**

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*

# 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    Room decoration  
Voluntary Tips to the Servers



# 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

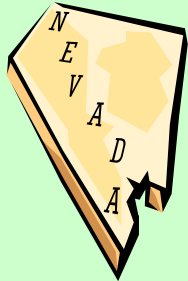
(example: \$20.00)

- 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  
--- only pay use tax on the cost of the alcoholic beverage including
  - a. *Cocktail napkins*
  - b. *Straws*
  - c. *Toothpicks used with the alcoholic drink*
  - d. *Plastic cups/glasses (not reusable)*



# 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*

\*\* *but not to the employees individually – NO TAX FREE LUNCHES*





# Included in the Sales Price

Included in the sales price of the meal are:

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



# 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)**

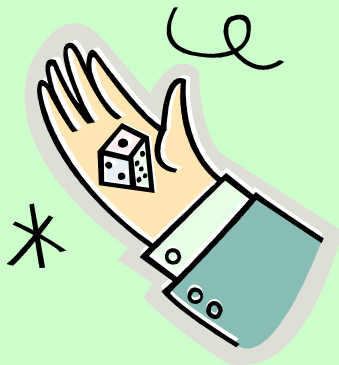
Comps

# COMPLIMENTARY MEALS

- As of **6/13/2013**, food and non-alcoholic beverages given away to patrons and employees are.....



No Longer Taxable!



# COMPLIMENTARY ALCOHOLIC BEVERAGES

However, alcoholic beverages given away for free

are Use Taxable  
at COST



The restaurant or bar pays the tax

# Cost of Alcoholic Beverage for comp purposes



Your cost includes:

- Cost of Liquor and any mixes or garnishes
- Cost of paper goods such as\*

Napkins

“To go” containers

Straws

Stir sticks

Disposable products which are

used to serve the alcoholic beverage.



*\*example*

# Do we pay sales tax on Alcohol (liquor) purchases?

- **Give your vendor a resale certificate if the alcoholic beverage is for sale**
- **Accrue use tax on the full cost of the alcoholic beverage and paper products if it is given away for free.**

# 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***



Is there sales tax on food or non-alcoholic beverage purchases for employee meals?

- Short Answer:

**No**

**BUT**, paper goods associated with the employee meal/beverage are subject to tax on the cost.

# 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

<b>Total Cost</b>
1,700

/

<b>Total Sales (@ retail)</b>
7,000

=
24 %

<b>Cash Sales</b>	<b>Comp Sales (@ retail)</b>	<b>Total Sales (@ retail)</b>	<b>Alcoholic Beverage Costs</b>	<b>Paper Costs</b>	<b>Total Cost</b>
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%.

$$\mathbf{X} \quad \mathbf{24 \%} \quad \mathbf{=} \quad \mathbf{\$480}$$

<b>Cash Sales</b>	<b>Comp Sales (@ retail)</b>	<b>Total Sale (@ retail)</b>	<b>Alcoholic Beverage Costs</b>	<b>Paper Costs</b>	<b>Total Cost</b>
5,000	2,000.	7,000	1,500	200	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 Liquor Comps

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

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

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

# Reporting Paper Products on Liquor Comps (*continued*)

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

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

# Reporting Paper Products on Liquor Comps (*continued*)

## 3. Calculate tax on \$160

*(assume 8.1%)*

$$\mathbf{\$160} \quad \mathbf{x} \quad \mathbf{.081} = \quad \mathbf{12.96}$$

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



# When is a Comp... NOT a Comp?

When a restaurant or a bar

- *accepts a comp ticket from another business and*
- *has an agreement with the other business to get reimbursed,*

**The transaction is a sale for the restaurant.**

**More-----→**

# When is a Comp... NOT a Comp? *(continued)*

## Example:

- ABC Restaurant enters into an agreement with XYZ Casino to honor the casino's comp ticket for food or alcoholic beverage.
  
- ABC accepts a comp ticket from the patron of the casino for a meal in its restaurant. The sale is rung at retail, and then the comp ticket is applied. In most cases, the patron does not pay any money out of pocket.

# When is a Comp... NOT a Comp? *(continued)*

- ABC Restaurant bills the XYZ Casino for the amount of the sale plus sales tax.
- The XYZ Casino pays an agreed upon amount to ABC Restaurant (for example, 90% of the sale.)
- ABC Restaurant reports the tax on the discounted amount – 90%, on their tax return.

otthner

# 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 Tip is mandatory (*example: large parties*) It becomes part of the TAXABLE sale

# VENDING MACHINES

- If you own the vending machine:

You cannot deduct the tax from the selling price unless there is a sign indicating sales tax is included in the price

*NAC 372.760*

*NAC 372.520*

*NAC 372.500(3)*



- You must have a permit clearly visible on the machine

# 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

Contact our Call Center at  
1-866-962-3707

### **Southern Nevada:**

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:**

1550 College Parkway  
Suite 115  
Carson City, NV 89706-7937

### **Reno:**

4600 Kietzke Lane  
Building L, Suite 235  
Reno, NV 89502

# Written Response

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

