

HOW DO I CALCULATE THE TAX DUE?

The gross income from restaurant activity is summed, and allowable deductions are subtracted from the gross to arrive at the taxable income. Income from other activities are summed and reported under the appropriate business codes. The taxable income is then multiplied by 2% to arrive at the sales tax due.



General Information: Sales Tax Rates:

State	-	5.6 %
County	-	1.1 %
Town	-	2.0 %
Total	=	8.7 %

**Tax change for State
effective 06/01/2013**

**Town of Florence
Finance Department
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For more information please contact:
520-868-7570 Finance Department
520-868-7505 Finance Director

This publication is for general use only. For complete details, refer to the Town of Florence Tax Code. More detailed information is also available on the "Taxpayer Bill of Rights" Brochure, on the town website: www.florenceaz.gov.

For payment of Sales Tax for the Town of Florence, filing, or State Licensing contact ADOR @ 1-800-634-6494, or go to www.aztaxes.gov.

RESTAURANTS AND BARS



This publication is for general information regarding Transaction Privilege (Sales) Tax on restaurant sales. For complete details, refer to the Town of Florence Privilege & Use Tax Code and related regulations. In the case of an inconsistency or omission in this publication, the language of the Privilege and Use Tax Code will prevail. The transaction privilege tax is commonly referred to as a sales tax; however, under Arizona State law, the tax is on the privilege of doing business in Florence and is not a true sales tax.

FLORENCE PRIVILEGE TAX



June 2013

RESTAURANTS & BARS

A 2% Transaction Privilege (Sales) Tax is imposed on the gross income of any person engaging in the business of preparing or serving food or beverages. This includes but is not limited to: bars, cocktail lounges, restaurants, and catering.

WHAT IS INCLUDED IN GROSS INCOME?

Gross income from restaurant and bar activities includes all sales of food and drinks served on and off the premises, to include but not limited to: all cover charges, minimum charges, and employee meals. When employee meals are charged for, then tax is due on the cost of such meals.

Caterers and others who deliver and/or serve food off premises can exclude the charges for delivery, set-up and clean-up, as long as the charges are separately stated on customer invoices and the taxpayer's books. The tax collector may examine the reporting of service

charges if those charges seem excessive in comparison to the value of the food sold. In the absence of satisfactory evidence for the value of the service charges, the tax collector may recalculate the value based on reasonable cost and profit for the industry. **Remember, that service charges must be separately itemized, and those charges must be appropriate for the services rendered or additional tax may be owed.**

Income from sources other than restaurant activity should be reported under the separate codes for such activities. Examples include: retail sales of T-shirts and memorabilia, amusement activities such as video games and jukeboxes, and use tax on supplies and equipment purchased out-of-state when no sales tax was paid. (see appropriate guidelines).

Use tax is owed when supplies and equipment are purchased and no City sales tax is paid. Use tax is assessed on the use, consumption, or storage of such items within the Town corporate boundaries. Examples include purchases of delivery vehicles from out of state, restaurant supplies such as table cloths, napkins, straws, and employee uniforms.

WHAT MAY NOT BE SUBJECT TO PRIVILEGE TAX?

Sales of food, beverages, condiments and accessories made to qualifying hospitals, qualifying community health centers or a qualifying health care organization are not subject to the privilege tax on restaurant sales. Sales of prepared food to a public educational entity, which qualifies under Title 15 of the Arizona Revised Statutes, are not subject to the privilege tax providing the food is consumed on the premises during school hours. Food, beverages and accessories used for serving food by a commercial airline are exempt if they are served to passengers at no additional charge for consumption during a flight.

The definition "accessories" is paper plates, plastic eating utensils, napkins, paper cups, drinking straws and paper sacks and other disposable containers, or other items which facilitate the consumption of food.