

Instructions for Food and Beverage Occupation Tax Revised (6/4/19)

The City of Grand Island, Nebraska imposes a 1.5% Prepared Food and Beverage Occupation Tax. Effective December 1, 2008, businesses are required to remit the occupation tax to the City on a monthly basis. The tax is owed on gross receipts of sales of food and beverages within the City which are subject to the sales and use tax imposed by the Nebraska Department of Revenue exclusive of the occupation tax*. The occupation tax is imposed on the business; however, the business may choose to pass the tax onto its customers by itemizing the occupation tax on the customer's bill as a separate line item.

Below is an example on how to calculate the occupation tax and sales tax if the business is passing the tax onto its customer.

Cost of meal	\$30.00
Add City occupation tax (1.5%)	<u>0.45</u>
Subtotal	30.45
Add sales tax (7.5% of subtotal)	<u>2.28</u>
Total bill	<u>\$32.73</u>

Below is an example on how to calculate the occupation tax and sales tax if the business does not pass the tax onto its customer. For instance, if a customer's bill shows \$10.00 for a pitcher of beer.

Cost of pitcher of beer	\$9.17 (total bill divided by 1.0911)
Add City occupation tax (1.5%)	<u>.14</u>
Subtotal	9.31
Add sales tax (7.5% of subtotal)	<u>.69</u>
Total bill	<u>\$10.00</u>

The occupation tax return and payment are due the 25th of the month following the month of collection. Penalty for not filing a return and paying the tax by the due date is 10% per month plus interest of 1% per month. Records must be maintained for three years for examination by the City.

For a more complete explanation, see Sections 23-64 to 23-77 of the Grand Island City Code which can be accessed at http://city.grand-island.com/City_Code/ref_code_index.htm.

If you have any questions about the implementation, calculation, or payment of occupation tax, please contact Brian Schultz at (308) 389-0161 or briansc@grand-island.com.

* The Nebraska Department of Revenue considers occupation tax an expense of the business even if the business itemizes it on customer bills and it is part of the gross receipts subject to sales tax. In the case of the City occupation tax on prepared food and beverage, the revenue subject to the City's occupation tax is the amount subject to sales tax not including the amount of the City's occupation tax.