



City of Alexandria, Virginia

THE CITY OF ALEXANDRIA WELCOMES YOUR BUSINESS

GUIDELINES FOR THE MEAL AND BEVERAGE TAX

(City of Alexandria Code Section 3-2-241 through 3-2-252)

The City of Alexandria levies a **four percent (4%) meal and beverage tax** on the purchase of food and beverages. These guidelines are designed to provide guidance to restaurants and other businesses where meals and alcoholic beverages are sold to the public for immediate consumption **on or off the premises**. Examples of places in which meals are sold include, but are not limited to: cafeterias, coffee shops, taverns, restaurants, dining accommodations, private and public clubs, convenience and grocery stores, caterers, and delicatessens.

The policies and procedures for the collection of the meal and alcoholic beverages tax are dictated by Article N of the *Alexandria City Code*, "Tax on Meals Sold by Restaurants". Please note that the four percent (4%) tax on meals and beverages is levied **in addition to** the State Sales Tax.

We hope that you will find the guidelines helpful. Please contact the Revenue Division of the City's Finance Department at 703.746.3903 if you have any questions or concerns.

THE TAX APPLIES TO:

- All sandwiches, hot or cold.
- All hot foods.
- All non-factory-sealed beverages, fountain drinks, hot or cold coffee, hot chocolate, milkshakes, and floats regardless of whether they have a lid.
- Frozen or chilled factory-packaged, single serving sandwiches, burritos, and the like, marketed and sold in a food establishment that provides a heating device to render the item palatable.
- Salads, commonly referred to as Chef, Cobb, or other similar garden style salads, that are packaged or prepared in a manner similar to those provided in a restaurant or purchased in a grocery delicatessen or convenience store and packaged in containers affixed with lids or tops ready for immediate consumption.
- Alcoholic beverages sold at restaurants, drinking establishments, festivals, receptions, sporting events, and other similar events.

THE TAX DOES NOT APPLY TO:

- Grocery Items such as frozen TV dinners, loaves of bread, jugs of milk, and beverages & condiments that are pre-packaged or measured into large quantities not suitable for immediate consumption.

- Garden type salads in factory-sealed packages that are considered to be for additional home preparation. These salads are usually sold in the produce section of grocery stores in factory sealed, stay-crisp style bags, and usually require additional preparation before consumption.
- Salads, such as potato, macaroni, chicken salad or coleslaw, sold by the pound and not for immediate consumption on premises. These salads are commonly sold in the grocery delicatessens in containers with lids.
- Frozen seafood, sold by the pound in grocery stores that provide employee-operated steam cooking at no additional charge when the item is not to be consumed on premises.
- Ice cream or frozen yogurt in factory-packaged or bulk-packed containers sold at a store or by a street or ice cream truck vendor.
- Alcoholic and non-alcoholic beverages, in factory-sealed containers, sold for off-premise consumption.

COUPONS:

- Two for one meal / food purchases or coupons that offer a percentage or a certain dollar amount off a meal are taxed based on the amount **actually paid** by the customer.
- “Entertainer coupons” and store coupons do not possess a currency exchange value. Therefore, tax is based on the cash price **actually paid** by the customer.
- Manufacturer coupons possess a redemption value as the establishment is compensated for coupon acceptance. The meals tax is applied to **the whole, standard, non-discounted price** that would have been paid for the items.

Examples of Taxable/Nontaxable Food and Beverage Items For Specific Businesses

Note: The burden shall be upon the seller of the food and beverage to maintain records detailing taxable receipts and nontaxable receipts.

Grocery Store/Supermarket/Convenience Store

The tax applies to the sale of prepared food and beverage items from a delicatessen section operated within grocery and convenience stores.

Taxable Items:

- All sandwiches (hot or cold), all hot foods, hot dogs, salad bar items sold from a salad bar, single serving salads, non-factory-sealed beverages, fountain beverages, cups of hot coffee or hot chocolate.
- Frozen or chilled factory-packaged, single serving sandwiches, burritos, and the like, sold in an establishment that provides a heating device.

Nontaxable Items:

- Factory-sealed beverages such as beer and wine (for off-premise consumption), factory-sealed soft drinks and bottled water.
- Meats and seafood, sold by the pound at stores that provide employee-operated steam cooking at no additional charge.
- Single and bulk servings of fruit.
- Cakes, doughnuts, brownies, rolls, muffins, loose or prepackaged cookies, pastries, chips and the like.
- Foods that are cooked and then chilled in accordance with health and food handling regulations but packaged for home consumption.

Bakery

Taxable Items:

- All sandwiches (hot or cold). Non-factory sealed beverages.

Nontaxable Items:

- Factory sealed soft drinks and bottled water.
- Cakes, doughnuts, brownies, rolls, muffins, pastries, loose or prepackaged cookies, chips and the like.
- Whole or half pies and cakes and non-food items.

Buffets

Taxable Items: All food and beverage items, all foods available for consumption sold at one price.

Nontaxable Items: Whole or half pies and cakes, non-food items, and factory-sealed beverages sold for a separate price.

Caterers

Taxable Items: All food & beverages sold.

Delicatessen

Taxable Items: All sandwiches (hot or cold), salad bar items sold from a salad bar and soups.

Nontaxable Items: Sliced meats/cheese sold by the pound, salads (potato salad, macaroni salad) sold by the pound, party/gift baskets that include meats/cheese sold by the pound, party trays, crackers, prepackaged chips, cookies and the like.

Fast Food Chains/Restaurants

Taxable Items: All food and beverage items for on-premise consumption; hot food items, sandwiches and salads packaged for off-premise consumption.

Nontaxable Items: Non-food items, candy, gum, whole or half pies and cakes, prepackaged chips or cookies.

Take Out / Delivery Restaurants

Taxable Items: All hot food, sandwiches, salads packaged for off premise consumption and non-factory sealed beverage items. Cooked food types that are combined with other food products and sold as a warm or hot meal or “warm or hot home meal replacement” package.

Nontaxable Items: Foods that are cooked and then chilled in accordance with health and food handling regulations, but packaged for home consumption.

Ice Cream/Frozen Yogurt Shops

Taxable Items: Milkshakes, floats, sandwiches, non-factory-sealed beverages.

Nontaxable Items: All Ice cream or frozen yogurt, or similar frozen products, cakes, cookies, rolls, factory sealed beverages, nuts, syrup, and regular loaves of bread.

Movie Theaters/Theme Parks /Sporting Arenas

Taxable Items: All sandwiches, pizza, beverages, cups of coffee, hot chocolate (excluding snack food such as candies, chips, & popcorns).

Nontaxable Items: Non-food items & snack food items.

Foods and Food Products Defined W/ Examples	Meal & Bev. Taxable
Bakery foods	
Factory or Store Packaged for off-premise consumption	
Cakes – whole/half	No
Pies – whole/half	No
Bagels, Breads	No
Cookies and crackers	No
Doughnuts	No
Pastries	No
Non-packaged items served for on-premise consumption	Yes
Slice of cake or pie	Yes
Doughnuts served and eaten on premise	Yes
Beverages	
Factory sealed containers or bottles:	
Beer and wines sold for off-premise consumption	No
Beer and wines sold in bars and restaurants for on-premise consumption	Yes
Bottled waters	No
Sodas, teas, coffee drinks	No
Non-factory sealed containers (State sales tax column reflects containers with lids)	
<u>Fountain drinks</u>	Yes
Coffee, Hot, in a cup	Yes
Slurpees, Ices	Yes
Hot chocolate in a cup	Yes
Catering services furnished on premises of another. All catering services (excluding non-food items) are taxable	Yes
Foods and Beverages prepared for on-premise consumption at:	
Delicatessens and deli counters with seating facilities	Yes
Fast Food Establishments with seating facilities	Yes
Festivals	Yes
Movie Theaters	Yes
Sporting Arenas	Yes
Restaurants	Yes

Foods and Food Products Defined W/ Examples	Meal & Bev. Taxable
Fruits Singular, in bulk, or sliced in a container for off-premise consumption	No
Hot or cooked food types	Yes
Combined with other food products and sold warm or hot as a meal replacement	Yes
Chilled after cooking and packaged for home consumption	No
Ice cream and frozen yogurts sold alone	No
Ice cream and frozen yogurts sold as part of meal	Yes
On-Premise Foods – All types hot or cold	Yes
Miscellaneous:	
Cold deli trays and party platters including food items sold by the pound	No
Food, fruit, and gift baskets (not containing alcoholic beverages)	No
Ice	No
<u>Movie Theaters, Sporting Arenas, Festivals : ALL Food Items (excluding snack food & frozen drinks)</u>	Yes
Sandwiches (hot or cold) – All types	Yes
Sandwiches, burritos, and other similar single serving frozen or chilled food items, sold in an establishment with a customer operated heating device	Yes
<u>Salad bar items:</u>	
Salad bar items sold from a salad bar	Yes
Prepackaged single serving salads	Yes
Salads factory packaged for off premise consumption	No
Salads sold by the pound (Potato, macaroni, cold slaw)	No
Seafood sold by the pound cooked by an employee-operated steam cooker at no additional charge	No
Snack foods:	
Beef jerky	No
Breath mints	No
Candy, candy and chocolate coated products and other confectionery	No
Chewing gum	No
Extruded snacks such as cheese balls, curls, filled snacks, puffs, and twists	No
Fruit flavored snacks (fruit roll-ups)	No
Fabricated snacks such as food bars or squares, grain cakes and shoestring potato sticks	No
Granola bars	No
Popcorn (packaged for home consumption)	No
Potato chips (factory packed)	No