



County of Mathews
Mathews County Board of Supervisors
Office of the County Administrator

December 21, 2016

Subject: Mathews Meal Tax effective January 1, 2017

Dear Caterer, Restaurant, Convenience Store Owner or Operator:

On behalf of the Board of Supervisors, I want to thank you for choosing to operate your business in Mathews. We value our business community, and recognize that restaurants are a key to our economic viability and prosperity.

The citizens of Mathews County voted to approve, and Board of Supervisors adopted, a Meals Tax that is scheduled to take effect January 1, 2017. I know this timeframe does not provide you with much time to prepare for collecting this tax, and I apologize for the additional stress this may cause you. My staff and I are assisting Mathews County Commissioner of Revenue, Mr. Les Hall, in providing you with information and the form you will use each month to remit the meals tax.

Enclosed you will find the worksheet remittance form for your business, along with a sample of how to complete the form. The account number that is shown on your form may be changed to a new number in the Commissioner's Meals Tax Program as reports are submitted. I have also enclosed the Meals Tax Ordinance and a Frequently Asked Questions document.

The first collection period will be from January 1 through January 31, 2017, which is due to the Commissioner of Revenue's office on or before February 20, 2017 and monthly thereafter.

Sincerely,



Mindy Conner
County Administrator

cc: The Honorable Les Hall, Commissioner of the Revenue

MATHEWS COUNTY MEALS TAX WORKSHEET AND REMITTANCE FORM



Please remit payment by the 20th of the following month to avoid enforcement action. Thank you.

Did you:

- Sign the return and verify accuracy of details? A return must be filed even if no tax is due.
 - Enclose a check made payable to "County of Mathews"
1. **WHO MUST COLLECT AND REMIT MEALS TAX** – Any person selling meals, (alcoholic beverages included), edible refreshments and nourishments, liquid or otherwise, shall collect the tax from the person paying for such meal.
 2. **RATE OF MEALS TAX** – 4% of cost of meal, including alcoholic beverage and non-optional gratuities.
 3. **COMMISSION RATE** – 2.5% of the Tax Collected. Business retains this amount and deducts it from the Tax Due. The Commission cannot be retained if the Tax Payment is submitted after the date due.

Retain this portion for your records:

YEAR	MEALS TAX ACCOUNT NUMBER	BUSINESS /TRADE NAME
2017/18	X	XXXXXXXXXX

CIRCLE MONTH OF COLLECTIONS		TAXABLE RECEIPTS	RATE	TAX	
July	Aug.	(A)	4%	(B)	(A) Taxable Receipts - Gross Receipts less Exemptions
Sept.	Oct.		(.04)		
Nov.	Dec.	Commission (.025)		(C) -	(C) Commission – The amount retained for collecting the Tax for the County (TAX x COMMISSION RATE of .025). This cannot be deducted if the tax payment is submitted after the due date.
Jan.	Feb.	Penalty		(D) +	(D) Penalty – If remitted after the 20 th of the month following the collection period, a 10% or \$10 penalty (whichever is greater) shall be applied. (TAX x .10) or \$10 (whichever is greater)
March	April	Interest		(E) +	(E) Interest – If remitted on or after the first day of the month after the month the tax is due, and for every additional month, interest in the amount of 0.83% per month shall be applied. (TAX + PENALTY) x 0.0083 x month(s).
May	June	TOTAL TO REMIT		(F)	(F) Total to Remit – The grand total due to be remitted as payment. (TAX – COMMISSION + PENALTY + INTEREST). If submitted after the due date, this total will be (TAX + PENALTY + INTEREST). No commission can be withheld.

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Detach and mail with your payment by the 20th of the following month to avoid penalties, interest and enforcement action. Thank you.

YEAR	ACCOUNT NUMBER	BUSINESS LOCATION
2017/18	X	XXXXXXXXXX

Business Name & Address:
 XXXXXX

CIRCLE MONTH OF COLLECTIONS		TAXABLE RECEIPTS	RATE	TAX
July	Aug.	\$	4%	\$
Sept.	Oct.		x (.04)	
Nov.	Dec.	Commission = Tax x (.025)		-
Jan.	Feb.	Penalty		+
March	April	Interest		+
May	June	TOTAL TO REMIT		\$

Make check payable to: County of Mathews

Submit with this portion to:
 Mathews Commissioner of the Revenue
 P. O. Box 896
 Mathews, VA 23149

 X (_____) _____
 AUTHORIZED SIGNATURE DATE PHONE
(The signature of the collector and remitter of tax)

MATHEWS COUNTY MEALS TAX WORKSHEET AND REMITTANCE FORM



Please remit payment by the 20th of the following month to avoid enforcement action. Thank you.

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1. WHO MUST COLLECT AND REMIT MEALS TAX – Any person selling meals, (alcoholic beverages included), edible refreshments and nourishments, liquid or otherwise, shall collect the tax from the person paying for such meal.
 2. RATE OF MEALS TAX – 4% of cost of meal, including alcoholic beverage and non-optional gratuities.
 3. COMMISSION RATE – 5% of the Tax Collected. Business retains this amount and deducts it from the Tax Due. The Commission cannot be retained if the Tax Payment is submitted after the date due.

Retain this portion for your records:

YEAR	ACCOUNT NUMBER	TRADE NAME
2017/18	«Account_Number»	«Trade_Name»

Submitted on Time

CIRCLE MONTH OF COLLECTIONS		TAXABLE RECEIPTS	RATE	TAX	
July	Aug.	(A) \$5,000.00	4% (.04)	(B) 200.00	(A) Taxable Receipts - Gross Receipts less Exemptions
Sept.	Oct.				(B) Tax – The amount of tax due (TAXABLE RECEIPTS x RATE)
Nov.	Dec.	Commission (.025)		(C) -5.00	(C) Commission – The amount retained for collecting the Tax for the County (TAX x COMMISSION RATE of .025). This cannot be deducted if the tax payment is submitted after the due date.
Jan.	Feb.	Penalty		(D) +	(D) Penalty – If remitted after the 20 th of the month following the collection period, a 10% or \$10 penalty (whichever is greater) shall be applied. (TAX x .10) or \$10 (whichever is greater)
March	April	Interest		(E) +	(E) Interest – If remitted on or after the first day of the month after the month the tax is due, and for every additional month, interest in the amount of 0.83% per month shall be applied. (TAX + PENALTY) x 0.0083 x month(s).
May	June	TOTAL TO REMIT		(F) 195.00	(F) Total to Remit – The grand total due to be remitted as payment. (TAX – COMMISSION + PENALTY + INTEREST). If submitted after the due date, this total will be (TAX + PENALTY + INTEREST).

(tear here)

Detach and mail with your payment by the 20th of the following month to avoid penalties, interest and enforcement action. Thank you.

YEAR	ACCOUNT NUMBER	BUSINESS LOCATION
2017/18	«Account_Number»	«Business_Location»

«Business_Name»
 «Trade_Name»
 «Address_1»
 «Address_2» «State» «Zip»

CIRCLE MONTH OF COLLECTIONS		TAXABLE RECEIPTS	RATE 4%	TAX
July	Aug.	\$ 5,000.00	x (.04)	\$ 200.00
Sept.	Oct.			
Nov.	Dec.	Commission = Tax x (.025)		-5.00
Jan.	Feb.	Penalty		+
March	April	Interest		+
May	June	TOTAL TO REMIT		\$ 195.00

Make check payable to: County of Mathews

Submit with this portion to:
 Mathews Commissioner of the Revenue
 P. O. Box 896
 Mathews, VA 23109

X John Doe 2/15/17 (###) ###-####
 AUTHORIZED SIGNATURE DATE PHONE
 (The signature of the collector and remitter of tax)

MATHEWS COUNTY MEALS TAX WORKSHEET AND REMITTANCE FORM



Please remit payment by the 20th of the following month to avoid enforcement action. Thank you.

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- Enclose a check made payable to "County of Mathews"

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2. RATE OF MEALS TAX – 4% of cost of meal, including alcoholic beverage and non-optional gratuities.
3. COMMISSION RATE – 5% of the Tax Collected. Business retains this amount and deducts it from the Tax Due. The Commission cannot be retained if the Tax Payment is submitted after the date due.

Retain this portion for your records:

YEAR	ACCOUNT NUMBER	TRADE NAME
2017/18	«Account_Number»	«Trade_Name»

Submitting After the 20th

CIRCLE MONTH OF COLLECTIONS		TAXABLE RECEIPTS	RATE	TAX	
July	Aug.	(A) \$5,000.00	4% (.04)	(B) 200.00	(A) Taxable Receipts - Gross Receipts less Exemptions
Sept.	Oct.				(B) Tax – The amount of tax due (TAXABLE RECEIPTS x RATE)
Nov.	Dec.		Commission (.025)	(C) -	(C) Commission – The amount retained for collecting the Tax for the County (TAX x COMMISSION RATE of .025). This cannot be deducted if the tax payment is submitted after the due date.
Jan.	Feb.		Penalty	(D) + 20.00	(D) Penalty – If remitted after the 20 th of the month following the collection period, a 10% or \$10 penalty (whichever is greater) shall be applied. (TAX x .10) or \$10 (whichever is greater)
March	April		Interest In this ex., tax due in Sept., submitting 1 month late: (220 tax + penalty)(1 month late)(0.0083)	(E) + 1.83	(E) Interest – If remitted on or after the first day of the month after the month the tax is due, and for every additional month, interest in the amount of 0.83% per month shall be applied. (TAX + PENALTY) x 0.0083 x month(s).
May	June		TOTAL TO REMIT	(F) 221.83	(F) Total to Remit – The grand total due to be remitted as payment. (TAX – COMMISSION + PENALTY + INTEREST). If submitted after the due date, this total will be (TAX + PENALTY + INTEREST).

(tear here)

Detach and mail with your payment by the 20th of the following month to avoid penalties, interest and enforcement action. Thank you.

YEAR	ACCOUNT NUMBER	BUSINESS LOCATION
2017/18	«Account_Number»	«Business_Location»

«Business_Name»
«Trade_Name»
«Address_1»
«Address_2» «State» «Zip»

CIRCLE MONTH OF COLLECTIONS		TAXABLE RECEIPTS	RATE 4%	TAX
July	Aug.	\$ \$5,000.00	x (.04)	\$ 200.00
Sept.	Oct.			
Nov.	Dec.	Commission = Tax x (.025)		-
Jan.	Feb.	Penalty		+ 20.00
March	April	Interest		+ 1.83
May	June	TOTAL TO REMIT		\$ 221.83

Make check payable to: County of Mathews

Submit with this portion to:
Mathews County Commissioner of Revenue
P. O. Box 896
Mathews, VA 23109

X John Doe 3/1/17 (###) ###-####
AUTHORIZED SIGNATURE DATE PHONE
(The signature of the collector and remitter of tax)

AN ORDINANCE OF THE COUNTY OF MATHEWS, VIRGINIA PERTAINING TO TAXATION AND SPECIFICALLY PERTAINING TO TAX ON PREPARED FOOD AND BEVERAGES

BE IT ORDAINED BY THE BOARD OF SUPERVISORS OF MATHEWS COUNTY, VIRGINIA, THAT THE FOLLOWING ORDINANCE IS HEREBY ADOPTED, AND THE MATHEWS COUNTY CODE IS HEREBY AMENDED BY THE ADOPTION OF THE FOLLOWING:

ARTICLE XV: Tax on Prepared Food and Beverages

Section 145-89. Definitions.

The following words and phrases, when used in this article, shall have, for the purposes of this article, the following respective meanings except where the context clearly indicates a different meaning:

Beverage: Alcoholic and non-alcoholic beverages served as part of a meal.

Caterer: A person who furnishes food on the premises of another for compensation.

Commissioner of the Revenue: The commissioner of the revenue of Mathews County and any of his or her duly authorized deputies, assistants, employees, or agents.

Food: Any and all edible refreshments or nourishment, liquid or otherwise, including alcoholic beverages and nonalcoholic beverages served as part of a meal, meant for refreshment or nourishment value purchased in or from a restaurant, convenience store or from a caterer, except for factory packaged snack foods, whether consumed on the premises or not.

Person: Any individual, corporation, company, association, firm, partnership, or any group of individuals acting as a unit.

Purchaser: Any person who purchases food in or from a restaurant or from a caterer.

Restaurant:

(1) Any place where food is prepared for service to the public whether on or off the premises;

(2) Any place where food is served to the public; or

(3) Any place or operation which prepares or stores food for distribution to persons of the same business operation or of a related business operation for service to the public.

Examples include: dining room, grill, coffee shop, cafeteria, cafe, snack bar, lunch counter, lunchroom, short order place, tavern, delicatessen, confectionery, bakery, eating house, eatery, drugstore, catering service, lunch wagon or truck, pushcart or other mobile facility that sells

food, and dining facility in a public or private club, resort, bar or lounge, restaurant, convenience store, theatre, ice cream/yogurt shops.

Seller: Any person who sells food or beverages in or from a restaurant or as a caterer, and who is required to collect, report, and remit the tax due pursuant to this article.

Snack food: Chewing gum, candy, popcorn, peanuts and other nuts, and unopened prepackaged cookies, donuts, crackers, potato chips, and other items of essentially the same nature and consumed for essentially the same purpose.

Treasurer: The treasurer of Mathews County and any of his or her duly authorized deputies, assistants, employees, or agents.

Section 145-90. Levy of tax; amount.

In addition to all other taxes and fees of any kind now or hereafter imposed by law, a tax is hereby levied and imposed on the purchaser of all food and beverages served, sold, or delivered for human consumption in the county in or from a restaurant, whether prepared in such restaurant or not, or prepared by a caterer. Grocery stores and convenience stores selling prepared foods ready for human consumption at a delicatessen counter shall also be subject to said tax, but the application of same shall be limited to such prepared foods. No such tax shall be imposed on any entity or activity exempted from same by §58.1-3833 (A) of the Code of Virginia, 1950, as amended, as well as any other sale of food which is exempt from taxation under the Virginia Retail Sales and Use Tax Act, or administrative rules and regulations issued pursuant thereto. The rate of this tax shall be four (4) percent of the amount paid for such food. In the computation of this tax, any fraction of one-half cent (\$0.005) or more shall be treated as one cent (\$0.01), while fractions of less than one-half cent in sales price shall not be collected.

Section 145-91. Exemptions.

(a) The tax imposed by this article shall not be levied on the following items when served exclusively for off-premises consumption:

(1) Unopened pre-packaged snacks including chewing gum, candy, popcorn, nuts, donuts, nabs, chips, cookies, crackers and items of essentially the same nature;

(2) Food sold in bulk. For the purpose of this section, a bulk sale shall mean the sale of food or beverages that would exceed the normal, customary and usual portion which would be sold for on-premises consumption (e.g., a whole cake, a whole pie, a gallon of ice cream, etc.).

(3) Beverages sold in factory sealed containers.

(b) A grocery store, supermarket or convenience store shall not be subject to the tax imposed by Section 2; except that the tax shall be imposed on those portions of such stores which are designated as a delicatessen or designated for the sale of prepared food such as sandwiches or single-meal platters and beverages.

(c) The tax imposed by this article shall not be levied on the following purchases of food and beverages:

(1) Food or beverages furnished by restaurants to employees as part of their compensation when no charge is made to the employee;

(2) Food or beverages sold by, through, or under the aegis of, non-profit day care centers, public or private schools, colleges, or universities to its students or employees;

(3) Food or beverages for use of consumption by the Commonwealth, any political subdivision thereof, or the United States of America, or any subdivision thereof.

(4) Food or beverages furnished to patients or residents by a hospital, medical clinic, convalescent home, nursing home, home for the aged, infirm, or handicapped, or other extended care facility;

(5) Food or beverages furnished by non-profit charitable organizations, or churches, to elderly, infirm, handicapped, nor needy persons in their homes, or at central locations;

(6) Food or beverages sold by a non-profit educational, charitable, benevolent, or service club, organization, church or religious body as a fund-raising activity, the proceeds of which are to be used by such organization exclusively for non-profit educational, charitable, benevolent, or religious purposes;

(7) Food or beverages sold through vending machines;

(8) Food or beverages furnished by boardinghouses that do not accommodate transients;

(9) Food or beverages sold by cafeterias operated by industrial plants for employees only;

(10) Food or beverages sold by volunteer fire departments and rescue squads; nonprofit churches or other religious bodies; educational, charitable, fraternal, or benevolent organizations, on an occasional basis, not exceeding three times per calendar year as a fundraising activity, the gross proceeds of which are to be used by such church, religious

body or organization exclusively for nonprofit educational, charitable, benevolent, or religious purposes;

(11) Food or beverages served by churches that serve meals for their members as a regular part of their religious observances;

(12) Food or beverages served or sold by public or private elementary or secondary schools, colleges, and universities to their students or employees;

(13) Food or beverages provided by hospitals, medical clinics, convalescent homes, nursing homes, or other extended care facilities to patients or residents thereof;

(14) Food or beverages provided by day care centers;

(15) Food or beverages furnished by homes for the aged, infirm, handicapped, battered women, narcotic addicts, or alcoholics; or

(16) Food or beverages furnished by age restricted apartment complexes or residences with restaurants, not open to the public, where meals are served and fees are charged for such food and beverages and are included in rental fees.

(17) Also, the tax shall not be levied on food and beverages: (a) when used or consumed and paid for by the Commonwealth, any political subdivision of the Commonwealth, or the United States; or (b) provided by a public or private nonprofit charitable organization or establishment to elderly, infirm, blind, handicapped, or needy persons in their homes, or at central locations; or (c) provided by private establishments that contract with the appropriate agency of the Commonwealth to offer food, food products, or beverages for immediate consumption at concession prices to elderly, infirm, blind, handicapped, or needy persons in their homes or at central locations.

(18) Any food or food product purchased for home consumption as defined in the federal Food Stamp Act of 1977, 7 U.S.C. Section 2012, or amended, except for sandwiches, salad bar items sold from a salad bar, prepackaged single-serving salads consisting primarily of an assortment of vegetables, and non-factory sealed beverages.

(19) Any other sale of food which is exempt from taxation under the Virginia Retail Sales and Use Tax Act, or administrative rules and regulation issued pursuant thereto.

Section 145-92. Payment and collection of tax.

Every seller of food with respect to which a tax is levied under this article shall collect the amount of tax imposed under this article from the purchaser on whom the same is levied at the time payment for such food becomes due and payable, whether payment is to be made in cash,

check, or on credit by means of a credit card or otherwise. The seller shall separately state the amount of such tax and the amount of tax owed by the purchaser shall be added to the cost of the food by the seller who shall pay the taxes collected to the county as provided in this Article. Taxes collected by the seller shall be held in trust by the seller until remitted to the county.

Section 145-93. Reports and remittances generally.

Every seller of food with respect to which a tax is levied under this article shall make out a report upon such forms and setting forth such information as the commissioner of the revenue may prescribe and require, showing the amount of food charges collected and the tax required to be collected, and shall sign and deliver such report to the treasurer with a remittance of such tax. Such reports and remittance shall be made on or before the twentieth day of each month, covering the amount of tax collected during the preceding month.

Section 145-94. Preservation of records.

It shall be the duty of any seller of food liable for collection and remittance of the taxes imposed by this article to keep and preserve for a period of three (3) years records showing gross sales of all food and beverages, the amount charged the purchaser of each such purchase, the date thereof, the date of payment thereof, the taxes collected thereon and the amount of tax required to be collected by this Article. The commissioner of the revenue shall have the power to examine such records at reasonable times and without unreasonable interference with the business of the seller for the purpose of administering and enforcing the provisions of this article and to make copies of all or any parts thereon.

Section 145-95. Advertising payment or absorption of tax prohibited.

No seller shall advertise or hold out to the public in any manner, directly or indirectly, that all or any part of the tax imposed under this article will be paid or absorbed by the seller or anyone else or that the seller or anyone else will relieve the purchaser of the payment of all or any part of the tax.

Section 145-96. Tips and service charges.

(a) Where a purchaser provides a tip for an employee or employees of a seller, and the amount of the tip is wholly in the discretion of the purchaser, the tip is not subject to the tax imposed by this Article, whether paid in cash to the employee or added to the bill and charged to the purchaser's account, provided, in the latter case, the full amount of the tip is turned over to the employee by the seller.

(b) The tax shall not apply to that portion of an amount paid by a purchaser as a mandatory tip or service charge added by a restaurant in addition to the sales price, but only to the extent that such mandatory tip or service charge does not exceed 20% of the sale price.

Section 145-97. Duty of seller when going out of business.

Whenever any seller required to collect or pay to the county a tax under this article shall cease to operate or otherwise dispose of his business, any tax payable under this article shall become immediately due and payable and such person shall immediately make a report and pay the tax due.

Section 145-98. Enforcement; duty of commissioner of the revenue.

The commissioner of the revenue shall promulgate rules and regulations for the interpretation, administration, and enforcement of this article. It shall also be the duty of the commissioner of the revenue to ascertain the name of every seller liable for the collection of the tax imposed by this article who fails, refuses, or neglects to collect such tax or to make the reports and remittances required by this article. The commissioner of the revenue shall have all of the enforcement powers as authorized by Article 1, Chapter 31 of Title 58.1 of the Code of Virginia, 1950, as amended, for purposes of this article.

Section 145-99. Procedure upon failure to collect, report, etc.

If any seller whose duty it is to do so shall fail or refuse to collect the tax imposed under this article and to make, within the time provided in this article, the reports and remittances mentioned in this article, the commissioner of the revenue shall proceed in such manner as he may deem best to obtain facts and information on which to base his estimate of the tax due. As soon as the commissioner of the revenue shall procure such facts and information as he is able to obtain upon which to base the assessment of any tax payable by any seller who has failed or refused to collect such tax and to make such report and remittance, he shall proceed to determine and assess against such seller the tax, interest and penalties provided for by this article and shall notify such seller, by certified or registered mail sent to his last known place of address, of the total amount of such tax penalties and interest and the total amount thereof shall be payable within ten (10) days from the date such notice is sent.

Section 145-100. Duty of treasurer

The treasurer shall have the power and the duty of collecting the taxes imposed and levied hereunder and shall cause the same to be paid into the general treasury for the county.

Section 145-101. Penalty of late remittance or false return

If any seller whose duty it is to do so shall fail or refuse to file any report required by this article or to remit to the treasurer the tax required to be collected and paid under this article within the time and in the amount specified in this article, there shall be added to such tax by the treasurer a penalty in the amount of Ten Dollars (\$10.00) or ten (10) percent thereof of the tax which has not been timely collected and/or remitted to the County, whichever amount is greater, and interest thereon at the rate of ten (10) percent per annum, which shall be computed upon the taxes and penalty due on the first day of the calendar month following the month in which such taxes became due and payable which interest shall be payable by the seller whose duty it is to collect, report and remit the tax. An additional penalty at the same rate shall be added for each additional thirty (30) days or fraction thereof during which such tax is not duly remitted to the County; provided, however, that the total aggregate penalties shall not exceed the amount of the tax due.

Section 145-102. Violations of article

(a) Any person willfully violating, falsifying, failing, refusing, or neglecting to comply with any of the provisions of this article shall be guilty of:

(1) A Class 3 misdemeanor, as punishable according to the Code of Virginia, as amended, if the amount of the tax lawfully assessed in connection with the return is \$1,000.00 or less; or

(2) A Class 1 misdemeanor, as punishable according to the Code of Virginia, as amended, if the amount of the tax lawfully assessed in connection with the return is more than \$1,000.00.

(b) Conviction of such violation shall not relieve any person from the payment, collection, or remittance of the tax penalties or interest provided for in this article. Any agreement by any person to pay the taxes prescribed by this article by a series of installment payments shall not relieve any person of criminal liability for violation of this article until the full amount of taxes agreed to be paid by such person is received. Each failure, refusal, neglect or violation and each day's continuance thereof shall constitute a separate offense.

Section 145-103. Commission for collection

Pursuant to the authority of §58-1-3816.1 of the Code of Virginia, 1950, as amended, the county hereby allows any and all businesses charged with the collection of this tax a commission for such service. Such commission shall be two and one half (2.5) percent of the amount of tax due and accounted for, and such commission shall be deducted from the tax

remitted. No commission shall be allowed if the amount of tax due was not remitted to the treasurer prior to the time limit specified in Section 145-93 of this article.

Section 145-104. Use of Revenues

The revenues collected from the tax shall be designated to a Capital Improvement Fund for Mathews County, Mathews County Schools and Public Safety purchases and projects.

- 1. This ordinance and article shall be effective commencing January 1, 2017.**

Adopted pursuant to the authority of Virginia Code § 58.1-3833

Adopted by the Board of Supervisors of Mathews County, Virginia, on the 20th

day of December, 2016, as follows:

MOTION: On motion of Mr. White, seconded by Mr. Cole, the Mathews County Board of Supervisors voted 5-0-0, as follows: Ms. Casey, Mr. White, Mr. Ingram, Mr. Cole and Mr. Morrow – aye, to adopt the aforementioned ordinance pertaining to Taxation and specifically pertaining to Tax on Prepared Food and Beverages and to hereby amend Chapter 145 – Taxation of the Mathews County Code of Ordinances to include this ordinance as Article XV – Tax on Prepared Food and Beverages.

Mathews County Meals Tax FAQs

What is considered a “meal” that is subject to the Meals Tax?

A meal is any prepared food or drink offered or held out for sale by a food establishment for the purpose of being consumed by any person to satisfy the appetite and that is ready for immediate consumption.

What is the Meals Tax rate in Mathews County?

The Meals Tax rate in Mathews County is 4 percent (4%) of the amount paid for prepared foods purchased in the County.

Who pays it?

The tax is paid by the consumer and collected by operators of restaurants, or other businesses providing taxable meals.

When are Meals Taxes due to Mathews County?

The twentieth (20th) day of the month following the month in which the taxes are collected, or should have been collected, from the consumer.

For example: Meals Taxes collected from consumers in January are due to be remitted to the County on or before February 20th.

Does the meal, or prepared food, have to be consumed on the premises of the business where it is purchased to be taxable?

No. The meal, or prepared food, is subject to the Meals Tax whether it is intended to be consumed on the seller’s premises or elsewhere and without regard to the manner, time or place of service.

Are beverages such as soda, beer, water and others that are in a can, bottle or other factory sealed container subject to the meals tax?

It depends.

Yes. If sold as part of a meal offered or held out for sale by a food establishment for the purpose of being consumed by any person that is ready for immediate consumption.

Example: a bottle of beer is served with a “sit down” meal in a restaurant

No. If alcoholic and non-alcoholic beverages are sold for off-premise consumption in factory sealed containers are exempt from the Meals Tax under the proposed ordinance.

Example: a bottle of beer is purchased at a convenience store with a candy bar.

What is considered a “restaurant”?

A restaurant as defined by the proposed ordinance is:

- 1) any place where food is prepared for service to the public whether on or off premises;
- 2) any place where food is served to the public; or
- 3) any place or operation which prepares or stores food for distribution to persons of the same business operation of a related business operation for service to the public

Examples include; restaurants, dining room, grill, coffee shop, cafeteria, cafe, snack bar, lunch counter, lunchroom, short order place, tavern, delicatessen, confectionery, bakery, bed and breakfasts, eatery, drugstore, catering service, lunch wagon or truck, push carts, or other mobile

Mathews County Meals Tax FAQs

facility from which food is sold, dining facility in a public or private club, resort, bar, lounge or other similar establishment, convenience stores, theatres, ice cream/yogurt shops.

Does a caterer have to collect and remit Meals Taxes to the County?

It depends.

Yes, for a caterer whose business is in Mathews County, regardless of the place of service of the prepared food.

No, if the caterer's business is located outside of Mathews.

The Meals Tax is based on the locality in which the caterer is subject to the local business license (BPOL) tax. Code of Virginia, §58.1-3841

Do deli counters at grocery stores and convenience stores have to collect and remit Meals Taxes to the County?

Yes.

Sales at counters or for any portion or section of the business that contains prepared food and beverage operations must collect and remit the meals tax.

Are there any exemptions to the Meals Tax?

Yes.

The following **purchases** of food and beverages are exempt from the Meals Tax:

- (1) Food and beverages furnished by food establishments to employees as part of their compensation when no charge is made to the employee.
- (2) Food and beverages sold by day care centers, public or private elementary or secondary schools or food sold by any college or university to its students served on site and paid for as a part of a tuition, meal or similar plan.
- (3) Food and beverages furnished by a hospital, medical clinic, convalescent home, nursing Home, home for the aged, infirm, handicapped, battered women, narcotic addicts or alcoholics; or other extended care facility to patients or residents thereof and the spouses and children of such persons.
- (4) Food and beverages furnished by a public or private nonprofit charitable organization or establishment or a private establishment that contracts with the appropriate agency of the commonwealth to offer meals at concession prices to elderly, infirm, blind, handicapped or needy persons in their homes or at central locations.
- (5) Food and beverages sold by a nonprofit educational, charitable or benevolent organization; church; or religious body as a fundraising activity, the gross proceeds of which are to be used by such organization exclusively for nonprofit educational, charitable, benevolent or religious purposes.
- (6) Food and beverages sold through vending machines.

The following **items**, when served exclusively for off-premise consumption, are exempt from the Meals Tax:

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- (1) Factory-prepackaged snacks including candy, gum, popcorn, cookies, chips, doughnuts, ice cream, crackers, nabs, and the like and items of essentially the same nature.
- (2) Food sold in bulk.
- (3) Alcoholic and nonalcoholic beverages sold in factory-sealed containers.
- (4) Any food or food product purchased with food coupons issued by the United States Department of Agriculture under the Food Stamp Program or drafts issued through the state special supplemental food program for women, infants, and children.
- (5) Any food or food product purchased for home consumption as defined in the federal Food Stamp Act of 1977, 7 USC 2012, as amended, except hot food or hot food products ready for immediate consumption. The following items, whether or not purchased for immediate consumption, are excluded from the definition of food in the federal Food Stamp Act: sandwiches, salad bar items sold from a salad bar, prepackaged single-serving salads consisting primarily of an assortment of vegetables, and non-factory-sealed beverages. Items (3), (4) & (5) are not affected by this item.

Are gratuities subject to the Meals Tax?

No.

The *Virginia Code*, § 58.1-3840, provides the following regarding gratuities:

No such taxes on meals may be imposed on:

- (1) The amount paid by the purchaser as a **discretionary** gratuity; or
- (2) That portion of the amount paid by the purchaser as a mandatory gratuity or service charge added by the restaurant in addition to the sales price of the meal, but only to the extent that such mandatory gratuity or service charge does not exceed 20% of the sales price; or
- (3) Food and beverages sold through vending machines or on any tangible personal property purchased with food coupons issued by the United States Department of Agriculture under the Food Stamp Program or drafts issued through the Virginia Special Supplemental Food Program for Women, Infants, and Children.

Do Businesses get a commission for aiding the county in the collection of the Tax?

Yes.

Any business that collects the tax may retain a commission of 2.5% of the total tax they collect to cover administrative costs associated with collection.

For example, a restaurant that collects \$10,000.00 in tax will be able to retain \$250.00 for its administrative expenses.