



Town of Strasburg
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Guide to the Town of Strasburg's Meals Tax

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Welcome and Introduction

Congratulations on opening your business in the Town of Strasburg. It is our hope that this guide will give you a clear understanding of the meals tax ordinance as it applies to your business, organization, or establishment. If you have any questions, we are happy to assist you. You may reach us at 540-465-9197 or email our tax clerk at eritenour@strasburgva.com.

Definitions

Local Meals Tax

The Town of Strasburg imposes a 6% tax on the purchaser of every meal served, sold, or delivered by a food establishment, vendor or a caterer located in the Town of Strasburg whether consumed on the premises or not. (Town Code Article V. Meals Tax Section 78-191 through 78-198).

Meal

Meal shall mean any prepared food and/or drink, including alcoholic beverages, offered for sale by a food establishment for the purpose of being consumed by an individual or group of individuals at one time to satisfy the appetite and which is ready for human consumption. Consumption can be on or off the seller's premises.



Restaurant/Food Establishment

Any place located in the Town of Strasburg, in or from which food or food products are prepared, packaged, sold or distributed. A restaurant is any eating or drinking establishment-whether stationary or mobile, temporary or permanent, that is primarily engaged in the business of selling meals for which a charge is made.

Examples include but are not limited to:

Cafes, Cafeterias, Canteen trucks or wagons, Catering Businesses, Bars, Coffee Shops, Diners, Dining Rooms, including Hotel and Motel dining rooms, Ice cream or other food product stands, Lunch Counters, Private or Social Clubs, Salad Bars, Snack Bars, Street Carts and Food Trucks.

Meals tax shall be collected for orders/sales placed at the business located within the town limits without regard to the location of delivery or use of the purchaser.

Food

All food, beverages or both, including alcoholic beverages, purchased in or from a food establishment, whether prepared in such food establishment or not, and whether consumed on the premises or not, and without regard to the manner, time or place of service.

Common Questions Regarding Meals Tax

- **What is the Town's tax on meals?** The State Code of Virginia provides for local jurisdictions to impose an excise tax on meals. As such, the Town of Strasburg has levied a 6% tax on the amount paid for meals purchased from any food establishment or mobile truck.
- **Who Pays the Tax?** This tax is collected from the customer at the time the meal is purchased. This 6% tax is held in **trust** by the restaurant/food establishment. On the 15th of each month the restaurant/food establishment (seller) remits the tax, from the previous month, along with a form provided by the Town's Finance Department.
- **If I am not open or had zero (0.00) or no sales, do I still file a return form?** Yes, if you are closed or have made no sales during a month you will still need to submit a return form to us. Our office is responsible for collection and are accountable to our auditors of any reason the business has not reported or we have not followed the Town Code on collection of Meals Tax. Sec.78-196.



- **What are the responsibilities of the restaurant/food establishment?**
 1. Obtain a valid business license from the Town of Strasburg.
 2. Collect 6% on all taxable sales of meals and beverages.
 3. Complete the monthly Meals Tax Return form and send it along with the payment to the Town of Strasburg by the **15th** of each month. Payments may be made in person or by mail. We do accept postmarks of the 15th. A return form must be filed even if your sales are zero (0.00) or you were closed that month.
 4. Keep complete, detailed and accurate records of gross receipts from all sales, whether taxable or not for a period of five years. The Director of Finance shall have the power to examine such records at reasonable times for the purpose of administering and enforcing the town's code and to make copies of all or any parts of the records.

Meals Taxable Items

The following examples, while not all-inclusive, may guide you as you determine the food and drink items that are taxable.

- All prepared food and drink
- Alcoholic Beverages sold with or without food.
- Soft drinks sold with or without food
- Individual pastries, ice cream or snacks
- Individual servings from salad bars or a deli counter
- Prepared pizzas or pizza slices
- Hot foods, sandwiches, salad bar items from a salad bar, prepackaged single-serving salads and non-factory sealed beverages.



Meals Tax Exempt Items

The following are exempt and therefore not subject to Meals Tax:

- Factory prepackaged food and factory-sealed beverages, alcoholic or non-alcoholic sold for off-premises consumption.
- Food and beverages sold in grocery stores, supermarkets or convenience stores that are not prepared food or beverages for immediate consumption.
- Factory prepackaged candy, gum, nuts, and other items of this nature.
- Factory prepackaged donuts, ice cream, crackers, chips, cookies and items of this nature, not sold as part of a meal.
- Food and beverages sold through vending machines.
- 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.
- Food sold in bulk. A bulk sale is any item that would exceed the normal portion sold for premises consumption. An example is a whole cake or a gallon of ice cream.
However, a bulk sale shall not include any food or beverage that is catered or delivered by a food establishment for off-premises consumption.
- Food and beverages furnished to employees as part of their compensation when no charge is made to the employee.
- 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 or employees.
- Food and beverages sold on occasional basis, not exceeding four times per calendar year, 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.
- 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.
- Food and beverages for use or consumption and which are paid for directly by the commonwealth, any political subdivision of the commonwealth or the United States.



Filing and Payment Information

Meals tax filings are to be submitted monthly on the Meals Tax Return Form. Remittance shall accompany each submission. In order to be considered timely, the filing must be received by the 15th of each month. We do accept postmarks of the 15th by USPS, FedEx, or UPS.

If the 15th falls on a weekend or day that the Town office is closed for other reasons, the filing deadline is extended to the next business day.

A return form must be filed even when no sales were made during the period.

Late Filing and Collections

- 1) Penalties- Should any tax due under the Town Code not be paid by the due date (15th) the Director of Finance shall assess a penalty according to the following schedule:
 - a) 10% of the tax due, if payment is made within one month of the due date;
 - b) 15% of the tax due, if payment is made more than one month after the due date, but not more than two months afterward;
 - c) 20% of the tax due, if payment is made more than two months after the due date, but not more than three months afterward;
 - d) 25% of the tax due, if payment is made more than three months afterward.
- 2) Interest- In addition to the penalties provided for in paragraph 1 above, interest shall accrue on any delinquent taxes at the annual rate of 10% beginning on the day after the due date. Likewise, any meals taxes paid on an erroneous assessment shall be refunded with interest at the rate of 10% per annum.
- 3) Penalties and interest shall not be imposed if the failure to pay the tax was not the fault of the taxpayer, as determined by the Director of Finance.
- 4) Should the Town consult an attorney with respect to the collection of delinquent meals taxes, the taxpayer shall also be responsible for the Town's attorney's fees, in a reasonable amount not to exceed 20% of the taxes collected by or upon the advice of the attorney.



Acknowledgment of Liability

The Owner/Partner/ Corporate Officer or person designated to collect the meals tax for the business will be held responsible for the collection and remittance of the meals tax.

All meals tax collections shall be held in trust for the town.

Pursuant to Virginia Code 58.1-3833, all food and beverage tax collections and all meals tax collection shall be deemed to be held in trust for the county, city or town imposing the applicable tax. **The wrongful and fraudulent use of such collections other than remittance of the same as provided by laws shall constitute embezzlement pursuant to Virginia Code 18.2-111.**

Failure to file a meals tax return form or to pay the meals taxes as required under the Code of Virginia and the Code of the Town of Strasburg, may constitute embezzlement, a felony (if greater than \$200.00), a criminal misdemeanor under the Town Code, or a combination.

Additional Information

- Tips and Service Charges- Tips given by purchasers, if they are not required by the seller, are not subject to meals tax. However, if a tip is automatically assessed by the seller, this amount is subject to the 6% meals tax.