

Tax and Licensing Division
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Tax Compliance Guide

Bakeries and Pastry Shops

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THIS GUIDANCE IS A SUMMARY IN LAYMEN'S TERMS OF THE RELEVANT AURORA TAX LAW FOR THIS TOPIC, INDUSTRY, OR BUSINESS SEGMENT. IT IS PROVIDED FOR THE CONVENIENCE OF TAXPAYERS AND IS NOT BINDING UPON THE CITY. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE AURORA MUNICIPAL CODE AND APPLICABLE RULES AND REGULATIONS. THIS GUIDE DOES NOT CONSTITUTE A CITY TAX POLICY.

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Bakeries and pastry shop establishments engaged in business in Aurora are responsible for the collection and payment of sales/use tax.

Sales by Bakeries and Pastry Shops (Sales Tax)

The *Aurora Municipal Code* imposes a sales tax upon the purchase price paid for tangible personal property and certain services sold at retail. The sales tax must be shown as a separate and distinct charge. "It shall be unlawful for any retailer to advertise or hold out or state to the public or to any customer, directly or indirectly, that the tax or any part thereof imposed by this division shall be assumed or absorbed by the retailer or that it will not be added to the purchase price of the property sold or, if added, that it or any part thereof shall be refunded". Common examples of taxable sales in bakeries and pastry shops include, but are not limited to:

- ❖ Establishments that sell baked goods along with drinks or meals are no longer considered solely a bakery and must collect sales tax on their sales, similar to a restaurant or deli. This applies to establishments that are takeout only or have eating facilities. However baked goods that are purchased in bulk for home consumption may be sold exempt from sales tax, for example a dozen or more donuts or a loaf of bread.
- ❖ Deliveries – Sales by bakeries or pastry shops that are delivered to the customer are taxable if the customer is a business entity; sales are not subject to tax if the customer is an individual purchasing for his/her own use.
- ❖ Bakery and Pastry Merchandise – Such as promotional clothing, glasses, and other sundry items.
- ❖ Vending Machine Sales – Sales of tangible personal property such as snacks, soft drinks, and sundries from vending machines are taxable. Sales tax is not required if the price of the item sold is less than \$0.30.

Purchases by Bakeries and Pastry Shops (Sales/Use Tax)

Bakeries and pastry shops, like other retailers, must pay Aurora sales tax on the purchase price paid for tangible personal property and taxable services used in the business which are not for resale.

See Related Topics for additional guidance on use tax considerations.

Examples

1. Bakery A sells to a customer \$10.00 of pastries to take home. Also, it sells two croissants and a coffee for \$2.50 to eat at their seating area. Bakery A should collect Aurora sales tax on the \$2.50 paid for the croissants and coffee, the \$10.00 in take home pastries are non-taxable food for home consumption.
2. Bakery B does not offer seating, meals, or beverages in their establishment and sells only bulk baked goods for home consumption. Bakery B would not have sales subject to Aurora sales tax.
3. Bakery C gives its managers free pastries during their shift to eat during their break. Bakery B must report and pay use tax on its cost of the free pasties.

Related Topics

Coin Operated Devices
Coupons, Discounts, & Promotional Items
Employee Sales
Exempt Purchases Converted to Taxable Use
Food
Wholesale Sales
Restaurants and Bars
Use Tax

Citations

Aurora Municipal Code
§ 130-31. Definitions
§ 130-33. Legislative Intent
§ 130-156. Taxable Items
§ 130-160. Responsibility for payment
§ 130-161. Schedule of Taxes
§ 130-196. Levy
§ 130-199. Use tax credit
§ 130-163. Assuming or absorbing tax

Contact Us

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