



Tax Division  
15151 E. Alameda Parkway, Ste. 5700  
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## Tax Compliance Guide

### Restaurants & Bars

(9/2023)

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.

[Auroragov.org/tax](http://Auroragov.org/tax)

Restaurants, bars, and other food & beverage establishments engaged in business in Aurora are responsible for the collection and payment of sales/use tax.

#### Sales by Restaurants & Bars (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. This includes alcoholic beverages and food or drink serviced or furnished in or by restaurants, cafes, lunch counters, cafeterias, hotels, drugstores, social clubs, nightclubs, cabarets, resorts, snack bars, caterers, carryout shops, and other like places of business at which prepared food or drink is regularly sold.

The sales tax must be shown as a separate and distinct charge issued to the customer at the time of the sale. Sales tax may be imbedded and not separately stated only on the sale of alcoholic drinks.

Common examples of taxable sales in restaurants and bars include, but are not limited to:

- ❖ The sale of food, beverages, and liquor.
- ❖ Mandatory tips & gratuities.
- ❖ Restaurant merchandise such as promotional clothing, glasses, and other sundry items.
- ❖ Admission tax, which applies to restaurants and bars collecting a cover charge for admission.
- ❖ Charges for recreation services such as juke boxes, billiards/pool, bowling, and electronic games for entertainment.
- ❖ Vending machine sales – Sales of tangible personal property such as snacks, soft-drinks, sundries, or other property from vending machines are taxable; it is not required if the price of the item sold is less than \$0.30.

#### Purchases by Restaurants & Bars (Sales/Use Tax)

Restaurants and bars, like other retailers, must pay Aurora sales/use tax on the purchase price paid for tangible personal property and taxable services used in the business and not for resale. Food and beverage inventory may be purchased for resale if it meets the

qualifications of a wholesale sale. Packaging items such as essential food containers and lids qualify to be purchased wholesale. Common examples of property and services subject to sales/use tax specific to restaurants and bars include, but are not limited to:

- ❖ Complimentary Meals – The cost of complimentary meals provided to customers or employees is subject to City use tax on the business' cost of the meal. Because food and beverage inventory is generally purchased tax-free for resale, this tax must be self-imposed as a use tax.
- ❖ Nonessential articles and containers are taxable. An article or container is nonessential if it is primarily used for the convenience of the consumer and is not necessary to effectuate the sale of food. Example of nonessentials articles are: utensils, skewers, napkins, towelettes, serving trays, platters, dome lid covers, placemats, tray liners, tablecloths, sacks, bags, carryout containers for leftovers, straws, toothpicks, stirring sticks, cup sleeves, portion dividers, and single-use baking dishes.
- ❖ Packaging materials used in a nonessential manner are taxable. Examples of this are butcher paper used as table liner or use of to-go containers to store food rather than on customer orders. Other taxable items include plastic wrap for food storage, aluminum foil use for cooking, food labels, single-use baking dishes, and cooking tray liners.
- ❖ Condiments that are not incorporated into the prepared meal at the time it is transferred to the consumer are taxable. Example of taxable condiments are: ketchup, mustard, dipping sauces, and spices, packets of ketchup placed in bags given to customer.
- ❖ Gas, electricity, and steam – There is no exemption for gas, electricity, or steam used in the kitchen for food production.
- ❖ Providers of satellite television services are not required to collect Aurora sales tax on their services per federal statute. The television services are a taxable pay televisions service subject to use tax in the City.

#### Examples

1. Bar A sells mixed drinks for \$5.00 per drink at the bar. This charge is subject to Aurora sales tax, tax may be included in the \$5.00 total, subject to the election made per section 130-163 of the Aurora Municipal Code.

2. At Bar A, customers can rent pool tables for a fee of \$6.00 per hour. This fee is collected by the bartender when the customer returns the pool balls. This charge is subject to Aurora sales tax.
3. Bar A imposes a \$10.00 cover charge on weekends. This charge is subject to Aurora tax.
4. Restaurant B purchases food inventory, including 0.3 oz of half and half liquid creamer, 7 gm hot sauce packets, paper napkins, and disposable forks and spoons, from a vendor outside the City who does not collect Aurora sales tax. Restaurant B must report and pay use tax on the half and half creamers, hot sauce packets, paper napkins, and disposable forks and spoons on their next periodic City sales/use tax Return.
5. Restaurant B offers employees a 10% discount on all food purchased by employees. Aurora sales tax would be charged to the employee on the discounted purchase price of the meal and remitted on the Aurora sales tax return.
6. Restaurant B gives its managers a free meal during their shift. Restaurant B must report and pay a use tax on its cost of the free meal.

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## Contact Us

For additional assistance, please contact us:

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**Website:** <http://www.auroragov.org/tax>

**Filing:** <http://aurorataxportal.gentaxcpc.net>

**Licensing:** <http://www.auroragov.org/bl>

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## Related Topics

Admissions Tax  
 Coin Operated Devices  
 Coupons, Discounts, & Promotional Items  
 Employee Sales  
 Food and Related Items  
 Gas and Electric Services, Steam and Other Heating Services  
 Governments & Charitable Organizations  
 Linen Rental & Services  
 Lodging Industry  
 Pay Television and Entertainment Services  
 Properly Exempted Purchases Converted to Taxable Use  
 Recreation Services  
 Use Tax  
 Tips & Gratuities  
 Wholesale Sales

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## 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  
 § 130-163. Assuming or Absorbing Tax  
 § 130-196. Levy  
 § 130-199. Use tax credit

**DIVISION 6. - SALES TAX ON ADMISSIONS**