



Business License Division  
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## HOSPITALITY TAX FREQUENTLY ASKED QUESTIONS

**What is the local Hospitality Tax?** A 2% fee imposed by the City of Columbia on the purchase of prepared or modified foods and/or beverages intended for immediate consumption or carry out.

**Who is responsible for collecting and remitting the 2% Hospitality Tax?** Restaurants, hotels, motels, bars and lounges, caterers, ice cream shops, bakery shops and ANY food service facilities or other establishments of any kind including convenience and grocery stores (that have specified areas where food and beverages are prepared).

**What foods and beverages are subject to the Hospitality Tax?** All food and/or beverage sales prepared or modified for immediate consumption, carry out or catering services. Examples: Fountain drinks, frozen drinks, coffee, cappuccino, prepared sandwiches, salads, bakery items such as doughnuts, cakes, cookies, pies and breads, heated foods (pizza, nachos, hotdogs, sandwiches, chicken, vegetables), fruit trays, vegetable trays and deli meats and cheeses purchased by the pound. This list is not inclusive but is simply to help you determine which items in your business are subject to the hospitality tax.

**Examples of food/beverage sales NOT subject to the Hospitality Tax.** Pre-packaged foods, bulk or pre-packaged cold deli products, canned or bottled beverages which are not sold for immediate consumption, boxes or jars of food, bags of chips, pretzels, nuts, candy or other pre-packaged food items.

**How will this tax be remitted to the City of Columbia?** The tax collected by the seller or provider of the service shall be remitted to the City of Columbia on a form provided by the City by the 20<sup>th</sup> day of the month and shall cover sales of the previous month.

- a. On a monthly basis when the estimated amount of average collections is more than Fifty (\$50.00) dollars a month (annual gross receipts in excess of \$30,000).
- b. On a quarterly basis when the estimated amount of average collections is between Twenty-five (\$25.00) dollars to Fifty (\$50.00) dollars a month (annual gross receipts between \$15,000 to \$30,000).
- c. On an annual basis when the estimated amount of average collections is less than Twenty-five (\$25.00) dollars a month (annual gross receipts less than \$15,000).

**What if my Hospitality Tax payment is delinquent?** A penalty of 5% per month must accompany all delinquent remittances.

**When did the Hospitality Tax go into effect?** The Hospitality Tax Ordinance became effective June 30, 2003.