



COMMISSIONER
OF THE
REVENUE

MEALS TAX

FAQs

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

A meal is any prepared food and beverages offered or held out for sale by a restaurant or caterer for the purpose of being consumed by an individual or group of individuals at one time to satisfy the appetite, whether prepared in such restaurant or not.

What is the Meals Tax rate in the City of Charlottesville?

The Meals Tax rate in the City of Charlottesville is six and one-half percent (6.5%) of the amount paid for prepared foods purchased in the City of Charlottesville.

When are Meals Taxes due to the City of Charlottesville?

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 City of Charlottesville on or before February 20.

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.

Does a caterer have to collect and remit Meals Taxes to the City of Charlottesville?

It depends. **Yes**, for a caterer whose business is located in the City of Charlottesville, regardless of the place of service of the prepared food. **No**, if the caterer's business is located outside of the corporate limits of the City of Charlottesville and regardless of the place of service of the prepared food. 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

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?

No, alcoholic and non-alcoholic beverages sold for off-premise consumption in factory sealed containers are exempt from the Meals Tax. Charlottesville City Code §30-284.

What is considered a “restaurant”?

A restaurant as defined within subdivision 9 of section 35.1-1 of the Code of Virginia is any place where food is prepared for service to the public on or off the premises.

Restaurants include but are not limited to:

Amusement parks	Hot dog stands
Billiard parlors	Lunchrooms
Bowling alleys	Mobile food services
Buffets	Nightclubs
Cafes	Office/Government cafeterias
Cafeterias	Public and private clubs
Caterers (Licensed in Charlottesville)	Push carts
Coffee shops	Short order places
Concession stands	Skating rinks
Delicatessens	Sporting venues
Dining rooms	Taverns
Health clubs	Theaters

Also included on a limited basis are:

Bakeries - if there is a sit-down area

Colleges and Universities when selling to non-students or non-employees

Hospitals and Nursing Homes when selling to employees and the general public

Industrial Cafeterias when selling to the general public

Food served from delicatessen counters at Convenience and Grocery Stores is also subject to the tax.

Are there any exemptions to the Meals Tax?

Yes.

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

- (1) Factory-prepackaged candy, gum, nuts and other items of essentially the same nature.
- (2) Pastry, dairy and snack food items, such as doughnuts, ice cream sold in greater than single-serving quantities, crackers, nabs, chips, cookies, and the like and items of essentially the same nature.
- (3) Food sold in bulk.
- (4) Alcoholic and nonalcoholic beverages sold in factory-sealed containers.
- (5) 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.
- (6) 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 nonfactory-sealed beverages. Items (3), (4) & (5) are not affected by this item.

The following **businesses** are not subject to the Meals Tax, except for any portion or section of the business that contains prepared food and beverage operations:

- grocery store
- supermarket
- convenience store

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 on an occasional basis, not exceeding six 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.
- (6) Food and beverages sold through vending machines.

Are gratuities subject to the Meals Tax?

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.