

SOUTHWESTERN COMMUNITY COLLEGE DISTRICT

Business and Financial Affairs Operating Procedures

Food Services Sales Tax

Scope

This procedure documents the SWC Food Services application of Sales tax in accordance with the California Department of Tax and Fee Administration (CDTFA) regulations.

Responsibilities

The SWC Manager, Food Services will ensure the proper application of sales tax in all food services operations including concessions and catering. Sales tax is identified within the Point of Sale (POS) system and will also be reflected on the sales receipt or catering invoice. The rates are determined by the State of California and local jurisdictions. It is the managers responsibility to stay current on sales tax rates applicable to the district address in Chula Vista. The rate as of 4-1-22 is 8.75%.

<u>Category</u>	<u>Details</u>
Sales at food service locations (including Tradewinds & Time-Out Café)	<ul style="list-style-type: none"> Sales to students - Students will not be charged sales tax on food purchases. This excludes carbonated beverages which will be taxed as noted below. Sales to employees & visitors – All sales will be charged sales tax
Catering	<ul style="list-style-type: none"> Sales tax will be charged on all catering events. This includes events on and off-site. The <u>only exception</u> is for student sponsored events specifically where meals are provided to students only (usually sponsored by a student club)
Events	<ul style="list-style-type: none"> Sales tax will be charged for food concession sales at district events including athletic or performing arts events. See (d)(4) below.
Carbonated beverages such as soda or sparkling water	<ul style="list-style-type: none"> Sales tax is always charged on carbonated beverages, see Publication 22 below.
CRV	<ul style="list-style-type: none"> California Redemption Value (CRV) will be charged on all beverages packaged in aluminum, glass, or plastic (excluding milk). CRV is 5 cents for each beverage container less than 24 ounces and 10 cents for each container 24 ounces or greater.
References <i>Exact quotes</i>	<p><u>CDTFA Regulation 1603 (k) Student meals</u></p> <p><i>(1) Definitions</i></p> <p><i>(A) "Food products." As used herein, the term "food products" as defined in Regulation 1602 (18 CCR 1602) includes food furnished, prepared, or served for consumption ...</i></p> <p><i>(B) "Meals." As used herein, the term "meals" includes both food and nonfood products, which are sold to students for an established single price at a time set aside for meals. If</i></p>

	<p><i>a single price for the combination of a nonfood product and a food product is listed on a menu or on a sign, a single price has been established. The term "meals" does not include nonfood products which are sold to students for a separate price and tax applies to the sales of such products. Examples of nonfood products are carbonated beverages ...</i></p> <p><i>(2) Application of tax</i></p> <p><i>(A) Sales by schools, school districts and student organizations. Sales of meals or food products for human consumption to students of a school by public or private schools, school districts, and student organizations, are exempt from tax, except as otherwise provided in (d)(4).</i></p> <p>CDTFA Regulation 1603, Section (d) (4):</p> <p><i>(4) Food sold to students. The exemption otherwise granted by Section 6363 does not apply to sales of food products to students when sold within, and for consumption within, a place the entrance to which is subject to an admission charge, and such sales are subject to tax except as provided in (q) of this regulation. For example, when food products are sold by a student organization to students or to both students and nonstudents within a place the entrance to which is subject to an admission charge, such as a place where school athletic events are held, the sales to both students and nonstudents are taxable.</i></p> <p>Sales and Use Tax Law, Section 6363</p> <p><i>Meals. There are exempted from the taxes imposed by this part the gross receipts from the sale of, and the storage, use, or other consumption in this state of, meals and food products for human consumption furnished or served to the students of a school by public or private schools, school districts, student organizations, ...</i></p> <p><i>The exemption provided by this section shall not apply when the meals or food products are sold for consumption within a place, the entrance to which is subject to an admission charge, except for national and state parks and monuments.</i></p> <p>CDTFA Dining and Beverage Industry – Publication 22 <i>Sales of the following beverages are always taxable: Carbonated beverages such as soda or sparkling water</i></p>
Sales tax reporting	<ul style="list-style-type: none"> • The Finance department will periodically report and pay sales tax as reported by the POS system and the catering charges.

References:

BP/AP 6250 Budget Management

Sales & Use Tax Law Chapter 4, Section 6363

CDTFA Regulations 1603

Updated 6-8-22 Reviewed & Approved by VP BFA _____