



Food Beverage Tax – Frequently Asked Questions

Q. Which types of businesses must collect and pay the Food and Beverage Tax?

A. All premises within the City of Galena where prepared food (including drinks) is sold at retail for immediate consumption, with or without seating provided for consumption of said prepared food on the premises, whether consumed on premises or not. Examples of places of eating include but are not limited to:

- Restaurant, buffet, bakery, banquet facility, cafeteria, café, lunch counter, fast food outlet, catering service, coffee shop, diner, sandwich shop, soda fountain, bar, cocktail lounge, soft drink parlor, ice cream parlor, tea room, delicatessen, hotel, motel, club or any other establishment which sells at retail prepared food for immediate consumption. (ref. Galena Code of Ordinances: §35.110 (4))

Q. On what sales must I collect and pay the Food and Beverage Tax?

A. You must collect and pay the Food and Beverage Tax if you make retail sales of prepared food, alcoholic beverages, and other drinks that have been prepared for immediate consumption, whether on or off the premises. Examples of taxable sales include but are not limited to:

- All products served in restaurants.
- All restaurant style products sold by a grocery store or other place of eating, such as prepared chicken, ice cream cones, or soup.
- All restaurant style products at convenience stores, such as food items selected from under a heat lamp.
- A can or bottle of beer, a mixed drink, or a can of soda served to a diner in a restaurant or to a patron in a bar.
- Brewed coffee, fountain drinks or other beverages prepared for immediate consumption on or off premises in a grocery store or convenience store. (ref. Galena Code of Ordinances: §35.110 (1))

Q. What transactions are exempt from the Food and Beverage Tax?

A. Products that are prepared off-site in packages ready for retail sale, unless served by a place of each.

Examples of products that are exempt from the Food and Beverage

Tax include, but are not limited to:

- Pre-packaged pizzas or burritos heated in a convenience store microwave.
- A can of soda or a six-pack of beer from a cooler in a convenience store.
- A pre-packaged pizza sold in a grocery store or convenience store. (ref. Galena Code of Ordinances: §35.110 (1))

Q. What is the tax rate?

A. The Food and Beverage Tax rate is 1 percent (.01) of gross receipts. (ref. Galena Code of Ordinances: §35.111 (1))

Q. Do I have to register my business as a place of eating subject to the tax?

A. Yes. Every owner maintaining a place for eating must register not later than May 1, 2008 or the date of becoming such an owner, whichever is later. This is a one time registration that will remain effective unless there are changes of business ownership, management or location. (ref. Galena Code of Ordinances: §35.116)

Q. How do I show this tax on my retail receipts?

A. You may either separately state this tax, or state this tax in combination with other taxes on the receipts you give your customers.

Q. What form must I use to report the Food and Beverage Tax?

A. To pay this tax, you must file monthly the Food and Beverage Tax Return. Instructions are included on the form. The form is available at www.cityofgalena.org under the Forms tab. (ref. Galena Code of Ordinances: §35.114(1))

Q. How do I file if I have more than one site?

A. If you make retail sales from more than one site you must file a separate Food and Beverage Tax Return for each site.

Q. Must I file the Food and Beverage Tax Return even if I have no sales to report?

A. Yes. You must file a signed return form for each monthly reporting period regardless of whether or not there are receipts to report. You may file a “zero” return. (ref. Galena Code of Ordinances: §35.114(1))

Q. Where do I file my return?

A. You should mail or deliver your return to:

Food and Beverage Tax Returns
City of Galena
101 Green Street
Galena, Illinois 61036

Q. When is my monthly Food and Beverage Tax Return and tax payment due?

A. The returns and tax payments are due on or before the last day of the month for the preceding calendar month. (ref. Galena Code of Ordinances: §35.114(1))

Q. What if I do not file and pay by the due date?

A. If you do not file your return and pay the tax due by the due date, you will be assessed for any tax due plus penalty and interest. The penalty is 7.5% of the tax unpaid. Interest of 1.25% is added per month to the amount of tax unpaid. (ref. Galena Code of Ordinances: §35.114(4))

Please contact the City of Galena at 815-777-1050 with any questions.