

The Louisville Municipal Code (LMC) imposes sales tax on all sales of food and beverages whether purchased for immediate consumption or as food for home consumption.

This includes food or drink served or furnished in or by restaurants, cafes, lunch counters, cafeterias, hotels, drugstores, supermarkets, social clubs, nightclubs, cabarets, resorts, snack bars, caterers, carryout shops, and other like places of business, including but not limited to, pushcarts, mobile carts, or motor vehicles.

Candy, soda, bottled water and vending machine food items are all subject to Louisville sales or use tax.

A vendor selling food, soda and water through coin-operated devices is permitted to include the sales tax in the price of the items sold. A vendor selling malt, vinous or spirituous liquors by the drink may also include the sales tax as part of the purchase price of the beverage. All other vendors must add the tax to the price of the items being sold and show the tax as a separate and distinct item.

Food, meals or beverages that are given away as a promotion, donation, “comp meal”, or consumed without charge to an end customer, are subject to Louisville use tax from the food provider on the cost of the food or meal.

Meals provided to employees of the establishments defined above at no charge or a reduced charge, and which are considered as part of their salary, wages, or income are exempt from sales tax. The food provider is responsible to remit use tax on the cost of the food or meal provided.

Cover charges as well as any mandatory service or service-related charges (such as tips or gratuities), are to be included as part of the purchase price for such food and drink and subject to sales tax.

### **Exemptions**

The sale of food to qualifying wholesalers or to government or charitable organizations in the conduct of normal business, are tax-exempt, similar to sales of tangible personal property and taxable services.

Food as defined in 7 U.S.C. 2012(k)(2014), that is purchased with the medium commonly referred to as “food stamps,” and food that is purchased under the supplemental nutrition assistance program or any successor program as defined in 7 U.S.C. sec 2012 (t), is exempt from Louisville sales and use tax.

### **Examples**

1. Business A is an ice cream shop that annually hosts a “Customer Appreciation Day” where all customers receive a free scoop of ice cream. Use tax must be paid by Business A to the City on the cost of the ice cream given away throughout the day.

---

The information contained in the Tax Guide publications is intended to offer general guidance in layman’s terms, for this topic, industry or business segment, and is not intended for legal purposes to be substituted for the full text of the Louisville Municipal Code rules and regulations. This guide does not constitute a city tax policy.

2. Business B conducts vending machine sales of food and beverages within the City. The vendor may sell the items at one price which includes City sales tax but Business B must back out the tax from the proceeds and remit such tax to the City.
3. Business C is a local real estate company that purchases coffee, tea, bottled water and soft drinks to give to customers while visiting their offices. Business C purchases the beverages from a neighboring city where the sales tax rate is more than the sales tax rate for Louisville. Business C does not need to remit use tax to the City on the purchase price of the beverages.
4. Special Event Vendor D is selling homemade honey at the Louisville Farmer's Market. Jarred honey is considered food for home consumption. Food for home consumption is exempt from sales tax for the State, RTD/CD and Boulder County, but City of Louisville sales tax must be collected by Vendor D on the retail selling price of the honey.
5. Special Event Vendor E is selling roasted ears of corn at the Louisville Street Faire. The roasted corn ears are prepared as food for immediate consumption. Sales tax must be collected by Vendor D on the retail selling price of the corn ears for the State, RTD/CD, Boulder County and the City of Louisville.
6. Louisville Restaurant F "donated" a dinner for two to a local fund-raiser event as a silent auction prize. Restaurant F must calculate and remit use tax to Louisville based on the cost of the free dinner's provided.

---

The information contained in the Tax Guide publications is intended to offer general guidance in layman's terms, for this topic, industry or business segment, and is not intended for legal purposes to be substituted for the full text of the Louisville Municipal Code rules and regulations. This guide does not constitute a city tax policy.