



## **Town of Kiawah Island Local Hospitality Tax**

### **What is the Local Hospitality Tax?**

Local Hospitality Tax is a tax of one percent on the gross proceeds of sale of prepared meals and beverages in establishments or sold in establishments which maintain licenses for the on-premises consumption of alcohol, beer and/or wine in the town. The tax shall not be computed on the cost of service, gratuity, or other taxes.

### **What is considered a prepared meal?**

A prepared meal is any food and /or beverage, inclusive of alcoholic beverages, beer and wine, prepared or modified by an establishment, which at the time of sale is ready for consumption.

### **What items are taxed?**

All food and/or beverage sales prepared or modified for immediate consumption. The following are examples of taxable items:

Produce (Vegetables, Fruit) cut, sliced, cored, etc., or prepared/modified on site (Ex: Vegetable and Fruit Trays)

Meats and cheeses cut, sliced, or prepared on site (Ex: Meat and Cheese Trays)

Salads made on site

Sandwiches/subs prepared on site

Bakery items cooked/baked on site

Coffee brewed on site

Popcorn made on site

Ice cream prepared or served on site

Seafood steamed/cooked on site

Grilled hamburgers and hot dogs, pizza, nachos, chicken, etc.

Packaged dinners cooked on site (Thanksgiving Dinner, etc.)

Fountain drinks

Any food prepared, modified, or cooked on site by an employee or contractor

Any prepared foods or meals that are subject to South Carolina Sales Tax

Any served beverage, including beer, wine, and liquor

Note: The above list serves as an example only and is not an all-inclusive list of taxable items.

### **What items are exempt from tax?**

Cold, canned or bottled drinks in a vending machine on site

Consolidating fruit into a basket (Fruit baskets)

Prepackaged items (not prepared or modified on site) consolidated into a larger container to make one package (Gift Basket)

Packaged dinners that are not cooked or modified on site

Ready-to-eat prepackaged food that a customer re-heats on site (Customer is making the food consumable)

Prepackaged cans, boxes, or jars of food

Bags of chips, pretzels, nuts, candy or other prepackaged food items

Note: The above list serves as an example only and is not an all-inclusive list of exempt taxable items.

### **Who is responsible for collecting and remitting the Local Hospitality Tax?**

Restaurants, bars, and lounges, private clubs, hotels and motels, caterers, grocery stores, convenience stores and other food establishments are responsible for collecting this tax from patrons and are required to remit such collections to the local government. Failure to collect taxes does not relieve any business from making the required remittances to the local government.

### **How should the tax be remitted?**

The Local Hospitality Tax must be remitted to the Town by the 20<sup>th</sup> of each month. You can mail in a paper form with a check or pay online through the Town's CitizenServe portal. To find the paper form or online payment instructions, please click this link to the Town's Business License page and look under the Local Hospitality Tax Section : <https://www.kiawahisland.org/business-licenses/>

### **What are the penalties for late payments?**

If your payment is received after the 20th of the month, a 10% late fee will be added to your local hospitality tax fee.