
CATERERS AND CATERING

The *Arvada Municipal Code* imposes a sales tax upon the purchase price paid for tangible personal property sold at retail in the City. To the extent a sufficient, legally-imposed sales/use tax was not paid to the City or another municipality at the time of purchase, Arvada use tax is due.

Tax is due based on the location of the catered event.

Caterer's may purchase food and certain catering supplies exempt from sales tax provided those items are for resale or for rent, and that sales tax will be charged and collected by the caterer from the purchaser. Exempt purchases may include, but not limited to food, onetime use or rented items such as, chafing or serving dishes, eating utensils, and linens.

Items for direct use by the catering company and not for resale are subject to sales tax to the caterer at the time of purchase, or use tax if no sales tax was paid at the time of purchase. Arvada will give credit for other lawfully imposed municipal sales tax paid up to the amount of the Arvada rate on purchases made by the caterers.

Examples of non-exempt purchases include pots and pans, steam tables, storage containers and uniforms.

Caterers are liable for the tax on the total selling price of items sold, rented, or charged for, which are essential to the providing of the meals and beverages and/or, which charges are not separately stated. Sales tax must be separately stated on the customer invoice and may not be absorbed into the total price. Some examples of essential charges subject to tax may be for, set-up, tear-down, staff to serve food, the rental of chairs, linens, service pieces, flowers, decorations or centerpieces.

Delivery charges separately stated on the customer invoice are subject to Arvada sales tax if delivery is within Arvada.

EXAMPLES

Company A, an Arvada business, is holding a Holiday Party at their business location to thank their employees for a profitable year. It has hired Catering Company B which is located outside the City. The caterer provides and delivers all the food, beverages, tables, chairs, table linens, glassware, silverware and centerpieces. They also provide two employees that will serve food on the buffet line, one bartender and one table busser. The total charges are \$800 for the food and beverage, \$250 for the rentals and a \$200 service charge for the wait staff. The total of \$1,250 is subject to Arvada sales tax.

Caterer C is hired by an Arvada resident to supply the food for a family reunion. The caterer delivers the food to the resident's home. The charges are \$350 for the food and a \$25 delivery charge. Both the food and delivery charge for a total of \$375 is subject to Arvada sales tax.

Charitable organizations may provide a caterer with a tax exempt certificate and purchase the food from the caterer without payment of sales tax; however, if the charitable organization is charging attendees a set price or requires them to purchase a ticket to attend the fundraiser which includes the meal, then the caterer should charge the organization all applicable sales tax based on the location of the event.

Arvada Sales/Use Tax Code – Chapter 98 - Taxation

Sec. 98-61. - Definitions.

Price or purchase price means the aggregate value measured in currency paid or delivered or promised to be paid or delivered in consummation of a sale, without any discount from the price on account of the cost of materials used, labor or service cost, and exclusive of any direct tax imposed by the federal government or by this article, and, in the case of all retail sales involving the exchange of property, also exclusive of the fair market value of the property exchanged at the same time and place of the exchange, if:

(1) Such exchanged property is to be sold thereafter in the usual course of the retailer's business, or

(2) Such exchanged property is a vehicle and is exchanged for another vehicle and both vehicles are subject to licensing, registration, or certification under the laws of this state, including, but not limited to, vehicles operating upon public highways, off-highway recreation vehicles, watercraft, and aircraft. Any money or other consideration paid over and above the value of the exchanged property is subject to tax.

Purchase or sale means the acquisition for any consideration by any person of tangible personal property, other taxable products or taxable services that are purchased, leased, rented, or sold. These terms include capital leases, installment and credit sales, and property and services acquired by:

(1) Transfer, either conditionally or absolutely, of title or possession or both to tangible personal property, other taxable products, or taxable services;

(2) A lease, lease-purchase agreement, rental or grant of a license, including royalty agreements, to use tangible personal property, other taxable products, or taxable services. The utilization of coin operated devices, except coin-operated telephones, which do not vend articles of tangible personal property shall be considered short term rentals of tangible personal property;

(3) Performance of taxable services;

Sec. 98-66. - Property and service taxed

There is hereby levied and there shall be collected and paid a tax in the amount stated in section 98-66 as follows:

(1) On all sales and services taxable, including, but not limited to the following:

a. On the **purchase price paid** or charged upon all sales and purchases of tangible personal property at retail within the city, except as the purchase price is reduced by an allowance for an exchange of tangible personal property, at fair market value, and which, is intended to be offered for resale.

d. Upon the amount paid for all meals, foods, beverages, liquors and cover charges, if any when served or furnished by any restaurant, eating house, hotel, drugstore, club, resort, caterer or at any such place at which meals, foods or drinks are sold to the public or employees. Caterers are liable for tax on the total selling price of items sold and charges for the essential services to providing the meals and beverages.

Sec. 98-77. - Tax on use, storage, distribution, consumption; intent.

It is hereby declared to be the legislative intent of the city council that for the purposes of this article every person who stores, uses, distributes or consumes within the city any article of tangible personal property purchased at retail, and not stored or distributed in normal function of wholesaling, is exercising a taxable privilege. It is hereby declared that every resident of the city or any person doing business within the city who purchases or leases tangible personal property for use, storage or consumption within the city from sources outside the city and taxable hereunder, and who has not paid the tax imposed by this article, shall make a return and pay the tax to the finance director. The use, storage or consumption of tangible personal property includes for the purpose of this article, materials, commodities and items of tangible personal property affixed to or made a part of facilities and structures on real property owned or leased situated within the city.

RELATED TOPICS

EATING AND DRINKING ESTABLISHMENTS

THE ABOVE INFORMATION IS A SUMMARY IN LAYMAN'S TERMS OF THE RELEVANT ARVADA TAX LAW FOR THIS SUBJECT, INDUSTRY OR BUSINESS SEGMENT. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE ARVADA MUNICIPAL CODE. HOWEVER, THE TAX GUIDE SHALL BE USED IN CONJUNCTION WITH THE ARVADA MUNICIPAL CODE (CHAPTER 98) IN DETERMINING TAX LIABILITY.