

City of Kearney

Restaurant and Drinking Place Occupation Tax

FAQ's

The Restaurant Occupation Tax is intended to apply to the gross receipts of every restaurant and drinking place doing business within the City of Kearney. The City intends to follow the guidance and practice of the State under the Nebraska Revenue Act of 1967 in determining which sales to impose the occupation tax on.

FAQ's:

- 1) Q: Whom does the Restaurant Occupation Tax apply to?
A: The occupation tax is imposed upon each and every person operating a drinking place or restaurant business or providing the services within the City for any period of time during a calendar month. Examples of businesses subject to the tax include, but are not limited to: cafes, grills, bistros, delicatessens, coffee shops, bakeries, lunch counters, sandwich stands, temporary stands, grocery stores, convenience stores, supermarkets, arenas, push carts, lunch wagons, ice cream trucks, or other mobile facilities from which food ready for consumption is sold, bars, taverns, night clubs, and dance halls.

- 2) Q: What is the Restaurant Occupation Tax rate?
A: The rate is one percent (1%) of all gross receipts for each calendar month derived from the drinking places and restaurant businesses subject to this tax. Such occupation tax shall be imposed on the gross receipts resulting from the sales of food within the corporate limits of the City which are subject to the sales and use tax imposed by Article 22 of Chapter 3 of the Kearney City Code.

- 3) Q: What are the items being taxed?
A: Food which shall include all edible refreshment or nourishment, whether solid, semisolid, non-alcoholic liquid, alcoholic liquid (as of January 1, 2023), or otherwise. Gratuities or tips are also subject to the occupation tax when charged by the seller as a mandatory item on the invoice or receipt.

- 4) Q: Where do I send my monthly payment and remittance worksheet?
A: Payments and remittance worksheets should be sent to the City Treasurer at:

City Treasurer
City of Kearney
P.O. Box 1180
Kearney, NE 68848-1180

Or payments can be made online at www.cityofkearney.org

- 5) Q: When is the Restaurant Occupation Tax due?
 A: On or before the 25th day of January, April, July, and October the occupation taxes collected from the preceding three months shall be paid to the City of Kearney.
- 6) Q: Whom do I contact if I have a question regarding Restaurant Occupation Tax?
 A: City Finance Office at 308-233-3213.
- 7) Q: Where do I send a written request for additional information?
 A: City of Kearney
 Finance Department
 P.O. Box 1180
 Kearney, Nebraska 68848-1180
- 8) Q: How do I calculate sales tax?
 A: Contact the Nebraska Department of Revenue at (402) 471-5729 or visit their website at http://www.revenue.ne.gov/info/occupation_tax.html

Example – Meal-only Restaurant Bill

A customer purchases a meal at a restaurant in a city with a 1% occupation tax on restaurants. The calculation of the invoice is shown below:

Meal	\$50.00
Add: occupation tax	<u>.50 (a)</u>
Subtotal	\$50.50
Add: 7% sales tax (State 5.5% and City 1.5%)	<u>3.53 (b)</u>
Total cost to customer	\$54.03

Calculation of amount remitted to City of Kearney:

1% food and beverage occupation tax	\$.50 (a)
Less: collection fee of 2%	<u>.01</u>

Amount remitted to the City of Kearney: \$.49

Amount remitted to the State of Nebraska: \$3.53 (b)

The retailer is required to calculate the occupation tax on the meal charge and then use this "subtotal" to calculate the state and local sales tax. In this example, the business is not allowed to add the tax rates together and charge 8% (one flat rate). The receipt must separately identify the sales tax from the occupation tax.