



Meals Tax Guidelines

Meals Tax Effective January 1, 2026

Table of Contents

Definitions	4
What is Meals Tax?	5
Who Collects Meals Tax	5
Remittance of Tax Collected	6
Seller's Discount	6
Penalties & Interest	6
Record Retention & Audit	7
Going Out of Business	7
Exemptions from Meals Tax.....	6-8
Examples.....	9
Notes.....	10-11



DEFINITIONS

CATER - The furnishing of food or beverages, or both, on the premises of another, for compensation.

CATERER - A person who furnishes food on the premises of another for compensation.

FOOD - All food, beverages or both, including alcoholic beverages, purchased in or from a food establishment, whether prepared in such food establishment or not and whether consumed on the premises or not, and without regard to the manner, time, or place of service.

FOOD ESTABLISHMENT/RESTAURANT - Any place in or from which food or food products are prepared, packaged, sold or distributed in the Town, including but not limited to, any restaurant, dining room, grill, coffee shop, cafeteria, café, snack bar, lunch counter, convenience store, movie theater, delicatessen, confectionery, bakery, eating house, eatery, drugstore, ice cream/yogurt shop, caterer's kitchen or premises, lunch wagon or truck, pushcart or other mobile facility from which food is sold, public or private club, resort, bar, lounge, or other similar establishment, public or private, and shall include private property outside of and contiguous to a building or structure operated as a food establishment at which food or food products are sold for immediate consumption.

MEAL - Any prepared food or drink offered or held out for sale by a food establishment for the purpose of being consumed by any person to satisfy the appetite and is ready for immediate consumption. All such food and beverage, unless otherwise specifically exempted or excluded herein shall be included, whether intended to be consumed on the seller's premises or elsewhere, whether designated as breakfast, lunch, snack, dinner, supper or by some other name, and without regard to the manner, time or place of service.

SELLER - Any food establishment or caterer selling meals or food, or the person operating such business

WHAT IS MEALS TAX?

Meals tax is a two percent (2%) tax levied on food and beverages sold as a meal by restaurants, caterers, and other food establishments.

Food establishments include, but are not limited to:

Amusement parks	Health clubs
Bakeries	Hot dog stands
Billiard parlors	Lunchrooms
Bowling alleys	Mobile food services
Buffets	Nightclubs
Cafes	Public and private clubs
Cafeterias	Push carts
Caterers	Short-order places
Coffee shops	Skating rinks
Concession stands	Sporting venues
Delicatessens **	Taverns
Dining rooms	Theaters

******Food served from delicatessen counters at convenience and grocery stores ARE also subject to the tax.

WHO COLLECTS MEALS TAX?

All entities that meet the definition of "food establishment/restaurant" or "caterer" are responsible for collecting the tax on food and beverages that they sell as a meal unless, an exemption applies. The tax is added to the cost of the meal and collected from the customer by the seller, who must remit the taxes to the Town. All funds collected by the seller are to be held in trust for the Town.

REMITTANCE OF TAX COLLECTED

The seller must file a return and remit to the Town any food and beverage taxes collected as follows:

Monthly Filers: Returns and payment are due on or before the 20th day of each month, covering the tax collected during the preceding month. Filings must be submitted monthly even if no taxes are collected.

Seasonal Filers (limited use): Returns and payment are due on or before the 20th day of each month, covering the tax collected during the preceding month. All filings must be submitted based on the reported months of operations, even if no taxes are collected.

The monthly returns and payment can be made online at <https://www.roundhillva.gov/meals-tax>

SELLER'S DISCOUNT

To defray some of the costs incurred by the seller in collecting and remitting the tax to the Town, every seller is allowed to keep five percent (5%) of the amount of the tax due for the first two years after implementation of the tax (beginning January 1, 2026) and reduced to one percent (1%) of the amount of the tax due beginning January 1, 2028. This is accounted for in the form of a deduction on their return. The discount is not available if the payment is late.

PENALTIES & INTEREST

A penalty of ten percent (10%) of the tax required to be remitted shall be assessed for failure or refusal of a seller to remit the tax by the due date. The penalty becomes part of the tax due. Interest shall be assessed at the rate of five percent (5%) per year on the amount of tax past due. The interest will commence on the day following the day on which the tax was due and continue until paid.

RECORD RETENTION & AUDIT

Each seller is required to keep and preserve for a period of four years (current year plus three prior years), all records necessary to enable the Town Treasurer to determine the amount of taxes such seller was responsible for collecting and remitting to the Town. The Treasurer shall have all rights to summon, inspect, and copy such records as permitted by [Title 58.1 of the Code of Virginia.](#)

GOING OUT OF BUSINESS

Whenever a business ceases operations or the owner otherwise disposes of a business that was required to collect or pay the food and beverage tax, any tax collected but not yet remitted shall become immediately due and payable, and such person shall immediately make a report and pay the tax due.

EXEMPTIONS FROM MEALS TAX

- Alcoholic beverages sold in factory sealed containers and purchased for off-premises consumption
- Food and beverages sold through vending machines

Additionally, Meals Tax is NOT levied on food & beverages SOLD BY:

- Cafeterias operated by industrial plants for employees only.
- Day care centers.
- Restaurants to their employees as part of their compensation when no charge is made to the employee.
- Volunteer fire departments and volunteer emergency medical services agencies, nonprofit churches, or other religious bodies; or educational, charitable, fraternal, or benevolent organizations, the gross proceeds of which are to be used by such church, religious body or organization exclusively for nonprofit educational, charitable, benevolent, or religious purposes.

EXEMPTIONS FROM MEALS TAX (CONT'D)

- Churches (and similar religious organizations) that serve meals for their members as a regular part of their religious observances.
- Public or private elementary or secondary schools or institutions of higher education to their students or employees.
- Hospitals, medical clinics, convalescent homes, nursing homes, or other extended care facilities to patients or residents thereof.
- Homes for the aged or infirm individuals, individuals with disabilities, battered women, narcotic addicts, or alcoholics.
- Sellers at local farmers markets and roadside stands, when such sellers' annual income from such sales does not exceed \$2,500.

Further, the tax is NOT levied on food and beverages:

- When used or consumed and paid for by the Commonwealth of Virginia, any political subdivision of the Commonwealth, or the United States.
- Provided by a public or private nonprofit charitable organization or establishment to elderly, infirm, or needy individuals or individuals with blindness or other disabilities in their homes, or at central locations.
- Provided by private establishments that contract with the appropriate agency of the Commonwealth of Virginia to offer food, food products, or beverages for immediate consumption at concession prices to elderly, or needy individuals, or individuals with blindness or other disabilities in their homes or at central locations.

FOOD STAMP ACT/USDA FOOD STAMP PROGRAM EXEMPTIONS

No tax shall be imposed on:

Any food or food product purchased with food coupons issued by the United States Department of Agriculture (USDA) under the Food Stamp Program or drafts, issued through the Virginia Special Supplemental Food Program for Women, Infants, and Children.

Anything that falls under the definition of “food” in the Food Stamp Act of 1977, except for the following items: sandwiches, salad bar items sold from a salad bar, prepackaged single-serving salads consisting primarily of an assortment of vegetables, and non-factory sealed beverages.

GRATUITY AND SERVICE CHARGES

Any discretionary gratuity is non-taxable.

Mandatory gratuity added to the cost of the meal is taxable if it is more than twenty percent (20%) [Only the amount greater than 20% is taxable].

COUPONS

When a coupon offers a percentage or certain dollar amount off a meal, the tax is based on the amount due after the discount is applied.

EXAMPLES

TAXABLE ITEMS

- ✓ Hot or cold meals served at restaurants
- ✓ Prepared foods served from delicatessen counters of convenience and grocery stores
- ✓ Desserts, hand-dipped & soft serve ice cream, milkshakes, & smoothies
- ✓ Alcoholic & non-alcoholic beverages sold as part of a meal at restaurants
- ✓ Salad bar and pre-packaged single serving salads
- ✓ All sandwiches, hot or cold

NON- TAXABLE ITEMS

- ✓ Factory & non-factory sealed beverages sold alone
- ✓ Alcoholic beverages sold in factory sealed containers and purchased for off-premises consumption
- ✓ Grocery items (see grocery items section)
- ✓ Pre-packaged desserts and snack foods sold alone
- ✓ any combination consisting entirely of beverages, grocery items, and/or snack foods sold separately
- ✓ Food and beverages sold through vending machines
- ✓ Salads, such as potato, macaroni, chicken or coleslaw, sold by the pound and not for immediate consumption on-premises
- ✓ Frozen seafood sold by the pound in grocery stores that provide employee operated steam cooking at no additional charge and when the item is not to be consumed on-premises

NOTES

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

NOTES

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



**Town of Round Hill
23 Main Street
PO Box 36
Round Hill, VA 20142-0036
540-338-7878**

Meals Tax Effective January 1, 2026