

Sovos Sales Tax for Restaurants

The Complexity of Meals Tax

Restaurants face some significant transaction tax challenges. Not only do you need to be concerned with applying the proper state and local sales tax on all transactions, you also must contend with the variety of special state and local food and beverage (“meals tax”) rules. Without a doubt, meals tax compliance represents a significant layer of additional complexity that sits on top of an already challenging sales tax regime.

Sovos Sales Tax Addresses the Following Challenges Head-on:

Special state and local meals tax rules apply across the country. To get it right, not only do you need to properly support and maintain a whole new set of varying meals tax rates, but you also need to understand local law and ordinances dictating how the tax applies. Understanding and interpreting state law and local ordinances in order to create accurate tax content is our primary business.

- › In the US, there are over 1,000 taxing jurisdictions that have these special meals tax rates and rules that are separate and distinct from sales tax, and, of course, any of these rates or rules can change at any given time.
- › Rates and rules can vary based on the type of food and the context of sale (dine in, take-out, cold take-out).



- › Rates and rules can vary based upon whether you are selling an alcoholic beverage and the type of beverage (beer, wine, and spirits).
- › Rates and rules can vary based upon the type of non-alcoholic beverage as well (soft drink, fruit juice, milk, coffee, tea, and bottled water).
- › Rates and rules can vary based upon whether a beverage is sold in a sealed container or a sealed container “to-go.”

Managing sales, use, and meals tax compliance requires a lot of time and energy to manage your ERP, research ever-changing tax laws, and update the spreadsheets where you house applicable tax laws. The process is cumbersome, complex, expensive, and prone to error. Not to mention the time and effort by the tax or finance teams to find, track, interpret, and implement the various calculations and the filing of returns.

Why Should You Outsource Your Sales and Use Tax Responsibilities to Sovos?

- 1. Save time & resources:** How much time do you spend ensuring compliance with sales, use and meals tax laws? Are you managing complex manual systems and processes to ensure compliance? Think of what you could do if you eliminated these manual processes: ERP maintenance, tax law research, spreadsheet maintenance, filing errors and audit defense. How would you use this time to move your business forward and grow profitability?
- 2. Grow your menu:** Through our robust goods and services code content, we support the proper tax treatment of a variety of potential menu items.
- 3. Expand without fear:** As your business expands to new locations, rest assured that accurate meals tax calculations in your new locations won't be a concern.
- 4. Accurate tax calculations, every time:** We employ a team of tax experts who monitor over 13,000 jurisdictions in the US, and continually research and update our database of tax laws to ensure your business is compliant and you calculate the correct amount of tax on every sale, every time. More accurate calculations will result in more accurate and timely filing, reducing your business' chance for audits and penalties.
- 5. We understand your business:** We know that meals tax is complex and we know you're spending a lot of time and money making sure you're compliant. Let us take this load off your shoulders.

Conclusion

Are you struggling to manage your sales, use, and meals tax compliance and filing processes? Sovos Sales Tax can help you by ensuring proper tax calculation for every customer buying any item, in any location, every single time.

About Sovos Compliance

Sovos Compliance designs technology solutions to help businesses meet the demands of their unique tax, compliance and reporting obligations. The company enables over 4,000 clients to operate with the confidence to efficiently navigate today's dynamic regulatory environment. Sovos utilizes a unique ability to turn knowledge into highly functional, scalable software that seamlessly integrates with a wide-array of applications and information technologies used by businesses today. Sovos Compliance gives clients peace of mind by simplifying tax compliance, providing greater control and visibility, and mitigating compliance risk.

Contact Us Today

Find out how we can put these solutions to work for you.

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