

INDUSTRY GUIDANCE

Category:	Restaurants	Tax Type:	Sales, Use & Withholding Tax
Brief Description:	Restaurants Tax Matrix	Issuance Date:	08-09-2024
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The taxability of sales and purchases of tangible personal property and labor services by companies in the restaurant industry are summarized below. While this document provides general information as to the taxability of sales and purchases of tangible personal property and labor services by businesses in the restaurant industry, it may not necessarily cover every situation as the taxability may depend on facts and circumstances around the specific transaction. Should a more definitive determination be desired, businesses may request a letter ruling from the Department. [MODOR Letter Ruling Page](#)

This list is not all-inclusive.

Missouri sales or use tax applies to those purchases identified or designated as taxable in the chart below. The applicable Missouri sales or Missouri consumer's use tax must be paid to the vendor or accrued and remitted directly to the Missouri Department of Revenue. Purchases from Missouri vendors should be reported using the retailer's sales tax return. Purchases from outside this state which are delivered to this state are to be reported on the Missouri consumer's use tax return.

Note: *Tips are the property of the employees to whom they are given and must be paid directly to those employees. Section 143.191.3(2) states in part "The amount to be withheld by an employer with respect to tips received by an employee in the course of the employee's employment shall be calculated based solely upon the amount of tips reported by the employee in a written statement furnished to the employer as required by subsection (a) of Section 6053 of the Internal Revenue Code of 1986, as amended, or, if greater, the amount of tips received by the employer and remitted to the employee."*

Sales by Restaurants:	Taxable/Exempt
Sales of prepared foods to the public	Taxable
Sales of non-prepared foods	Taxable
Sales of meals to employees	Taxable
Sales of drinks (alcoholic and non-alcoholic)	Taxable
Room rentals	Taxable
Mandatory gratuity where ALL of these conditions are met: (1) The gratuity is imposed only on large groups; (2) At least some of the gratuity money received is paid to the employees; (3) Missouri income tax is withheld from the employees for the aforementioned gratuity money	Exempt
Mandatory gratuity where at least one of these conditions exist: (1) The imposition of the gratuity is not limited to large groups; (2) All of the gratuity money is retained by the restaurant; (3) Missouri income tax is not withheld from employees on the gratuity amounts paid to them	Taxable

Sales by Restaurants (continued):	Taxable/Exempt
Mandatory gratuities imposed on all sales	Taxable
Redemption value of third-party voucher transactions	Taxable
Sales to third party sellers with or without delivery	Taxable
Separately stated delivery charges	Exempt
Credit card fees, non-cash charges, convenience fees, service charges or anything similar in nature added to the bill to recoup costs	Taxable
Shirts, glasses, koozies, etc.	Taxable
Gift certificates	Exempt
Receipts from coin operated amusement devices owned by the restaurant	Exempt
Amusement devices/games which patrons rent from the restaurant, where tax was already paid on the purchase of these devices	Exempt
Amusement devices/games which patrons rent from the restaurant and tax was not paid on the purchase of these devices	Taxable
Lottery sales	Exempt
Sales made to exempt organizations that provided an exemption certificate	Exempt
*Vending machine sales	Taxable

***Vending machine sales are taxed 135% of the cost of the item sold based on the location of the tangible personal property.**

Purchases by Restaurants:	Taxable/Exempt
Food & drinks	Exempt
Prepared foods not sold to the public, complimentary, or given away	Taxable
Kitchen equipment/supplies including but not limited to: ovens, stoves, exhaust hoods, refrigerators, freezers, microwaves, mixers, food processors, coffee makers, dishwashers, pots, pans, mixing bowls, etc.	Taxable
Paper products & containers consumed by the restaurant	Taxable
Paper products & containers provided to customers with food and drink sales	Exempt
Tables, chairs, booths, stools, highchairs, booster seats, and all other furniture and fixtures	Taxable
Utilities	Taxable
Uniforms & shoes	Taxable
Menus, ashtrays, candles, candleholders, condiment dispensers, pictures, plants & decorations	Taxable

Purchases by Restaurants (continued):	Taxable/Exempt
Cloth tablecloths, cloth napkins, and napkin dispensers	Taxable
Dishes, glassware, barware, silverware, and cookware	Taxable
POS systems, cash registers, register tapes, and customer tickets	Taxable
Coin operated amusement devices, parts and prizes owned by the restaurant	Taxable
Streaming music services	Exempt
Candies & toothpicks provided to customers at no charge	Exempt
Office equipment and supplies including but not limited to: computers, fax machines, writing utensils, signs, etc.	Taxable
Janitorial type supplies	Taxable
Repair services to real property	Exempt
Trash & cleaning services	Exempt
Pest control services	Exempt
Media advertising	Exempt
Specialty advertising	Taxable

Withholding Tax:	Taxable/Exempt
Tips	Taxable
Wages and mandatory gratuities Note: A mandatory gratuity is a wage and not a tip	Taxable
Out of state entertainers paid \$300 or more	Taxable
Out of state entertainers paid less than \$300	Exempt