



Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

MAY 24, 2011

Restaurants Providing Complimentary Meals to Employees

Introduction

Senate Bill 5501 (Chapter 55, Laws of 2011) provides an exemption from sales tax, use tax, and business and occupation tax for restaurant operators who provide meals to employees without a specific charge. Previously such meals were taxed based on the value of the meals.

Restaurant operators that charge employees for meals continue to be taxed on such charges.

Effective date

The exemption applies effective July 1, 2011.

What is exempt?

“Meals” provided without specific charge to employees are exempt.

“Meals” means one or more items of prepared food or beverages, but does not include alcoholic beverages.

Who may claim the exemption?

This exemption extends only to “restaurants.” A “restaurant” is any establishment having special space and accommodation where food and beverages are regularly sold to the public for immediate, but not necessarily on-site, consumption.

The exemption does not apply

The exemption does not extend to grocery stores, mini-markets, convenience stores or businesses making sales through vending machines or through mobile sales units such as catering trucks or sidewalk vendors of food or beverage items.

For more information

Visit our website at dor.wa.gov, send an email to dorcommunications@dor.wa.gov, or call the Department’s Telephone Information Center at 1-800-647-7706.