

CITY OF WOODRUFF

231 E. Hayne Street
Woodruff, SC 29388
Phone: 864-476-8154 Fax: 864-476-8119
www.cityofwoodruff.com

On October 24, 2005, the Woodruff City Council adopted an ordinance that implements a two percent (2%) Local Hospitality Tax applicable to all restaurants and other food service facilities, which prepare or modify food or beverages for immediate consumption..

The Local Hospitality Tax has been adopted as a means to diversify the city's revenue base so as to provide a dedicated source of income to defray service and infrastructure costs associated with tourism-related economic development and tourism promotion. This tax provides an equitable way for residents and visitors to contribute to offsetting the costs related to tourism without placing the burden solely on all residents through traditional taxes such as property taxes and business licenses.

The Hospitality Tax is a tax applicable to your customer. Effective January 1, 2006, a two percent (2%) tax must be applied to all gross receipts on the sale of prepared or modified food and/or beverages at restaurants, bars, convenience stores, grocery stores, and other food service facilities. This money should be collected from your customer at the time of the sale and escrowed.

For most businesses, the estimated amount of fees collected from patrons will be more than \$50 per month and the remittance must be made by the twentieth (20th) day of the following month, just as you currently do with your South Carolina sales tax. If the estimated amount of tax collected from patrons is \$25-\$50 per month, the payment is due quarterly by the twentieth (20th) day of January, April, July, and October for the previous quarterly sales. If the estimated amount of tax collected is less than \$25 per month, the payment is due annually by the twentieth (20th) day of January for the previous calendar year's sales.

The remittance must be accompanied by the City of Woodruff's Local Hospitality Tax Monthly Reporting Form (see attached). The reporting form must be submitted every month, even if the amount of tax your business collects is zero. Woodruff is confident that all businesses will comply with the submission deadline, please be advised that a penalty of ten percent (10%) of the unremitted amount for each calendar month or portion thereof shall apply.

FREQUENTLY ASKED QUESTIONS ABOUT THE LOCAL HOSPITALITY TAX

1. **What is the Hospitality Tax?**

The Hospitality Tax is a 2% tax imposed on the purchase of prepared or modified food and/or beverages intended for immediate consumption.

2. **Why was it necessary to implement the Hospitality Tax?**

To fund necessary buildings and improvements related to tourism, such as the rehabilitation of the Woodruff Municipal Auditorium, parks improvements, tourism advertising and promotional efforts.

3. **Who is responsible for collection and remittance of the Hospitality Tax?**

The provider or seller of prepared or modified food and/or beverages is responsible for the collection of the tax from patrons and is liable to remit collections to the City of Woodruff.

4. **How will the tax be remitted to the City of Woodruff?**

For most businesses, the estimated amount of fees collected from patrons will be more than \$50 per month and the remittance must be made by the twentieth (20th) day of the following month, just as you currently do with your South Carolina sales tax. If the estimated amount of tax collected from patrons is \$25-\$50 per month, the payment is due quarterly by the twentieth (20th) day of January, April, July, and October for the previous quarterly sales. If the estimated amount of tax collected is less than \$25 per month, the payment is due annually by the twentieth (20th) day of January for the previous calendar year's sales. The remittance must be accompanied by the City's Local Hospitality Tax Monthly Reporting Form. The reporting form must be submitted on a monthly basis, even if the amount due is zero.

5. **What if my payment is late?**

A penalty of 10% of the gross receipts that were not remitted by the 20th of each month must be added to the total you remit. For example, if you remit a January payment of \$400 after February 20th, you must add a \$40 penalty (10% of \$400) and remit \$440 for January.

RESTAURANTS AND BARS

6. **On what sales should restaurants, bars and other food service establishments charge the Hospitality Tax?**

ALL food, beverage and alcohol sales.

CONVENIENCE STORE, GROCERY STORE AND SIMILAR BUSINESSES

7. **What sales are affected by the Hospitality Tax for convenience, grocery and similar stores?**

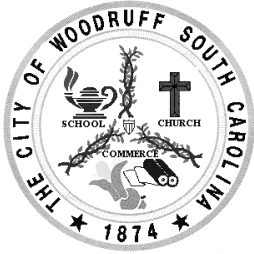
All food and/or beverage items that are prepared or modified by convenience stores, grocery stores and similar stores and intended for immediate consumption.

FOR EXAMPLE:

- A. Heated foods (pizza, nachos, hot dogs, sandwiches, etc.)
- B. Prepared sandwiches, salads, doughnuts (Krispy Kreme delivered for example) and cakes
- C. Fountain drinks, frozen drinks, coffee, etc.

8. **What are some examples of prepared and/or modified food and beverages NOT affected by the Hospitality Tax?**

- A. Packaged foods
- B. Bulk, or packaged cold deli products
- C. Canned or bottled beverages



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LOCAL HOSPITALITY TAX MONTHLY REPORTING FORM

MONTH OF _____ YEAR _____

Business Name: _____

Street Address: _____

Mailing Address: _____

FED ID# or SS#: _____

Computation of Local Hospitality Tax Due to City:

- | | |
|---|----------|
| 1. Gross proceeds from Sale of Food/Beverages | 1. _____ |
| 2. Computation of 2% Local Hospitality Tax (Line 1 x .02) | 2. _____ |
| 3. Penalty if Remitting after 20 th of month (Line 2 x .10*) | 3. _____ |
| 4. TOTAL LOCAL HOSPITALITY TAX DUE TO CITY OF WOODRUFF | 4. _____ |

**This return covers the period through the last day of the month
and becomes delinquent on the 21st day of the following month.**

*PENALTY on delinquent remittance: A penalty of ten percent (10%) of the unremitted fees applies for each calendar month or portion thereof after the due date until paid.

I hereby certify that I have examined this return and to the best of my knowledge and belief, it is a true and accurate return.

Signature of Owner/Partner/Manager

Name of Person Completing Form

Date

Telephone Number