



A Business Guide to Indiana Food & Beverage Tax

Welcome to the Indiana Department of Revenue's (DOR) business guide to Food and Beverage (FAB) tax. In this document you will find:

- How does FAB work?
- What transactions are subject to FAB tax?
- Am I paying the correct FAB tax?
- FAB rates
- How to register and remit FAB
- Additional Resources
- DOR contact information

How does FAB work?

FAB tax is a county/municipality tax. All tax returns and remittances for FAB are required to be filed with DOR with the exception of Johnson County, where tax is remitted to the county treasurer.

What transactions are subject to FAB tax?

FAB tax applies to any transactions where food or beverages are furnished, prepared or served by a retail merchant for consumption at a location or on equipment provided by a retail merchant for consideration (payment), in counties/municipalities that have enacted this tax. This includes food sold in a heated state or heated by the retail merchant or if two or more food ingredients are mixed or combined by a retail merchant for sales as a single item (IC 6-9-12). It also includes food or beverages served by a retail merchant off the merchant's premises.

Food sold with eating utensils provided by the retail merchant, including plates, knives, forks, spoons, glasses, cups, napkins or straws will be subject to FAB tax.

FAB tax does not apply if the transaction is exempt from sales tax. (See Departmental Notice #21 located online at <https://www.in.gov/dor/files/dn21.pdf>).

This tax is specific to any county/municipality that adopted a FAB tax, and applies only to transactions taking place in that specific county/municipality. For catering retail merchants, FAB tax is not based on a location provided by the retail merchant, but is based on where the catering is provided.

Taxable transactions include:

- Food sold and served by a retail merchant that is performing catering activities;

- Food sold at a deli counter in a grocery store that is cooked or heated on the premises of the retail merchant; and
- Where the seller provides eating utensils, including plates, knives, forks, spoons, glasses, cups, napkins or straws.

Transactions not subject to tax include:

- Sales of food that is only cut, repackaged or pasteurized by the seller.
- Sales of eggs, fish, meat and poultry requiring cooking by the consumer.

Am I paying the correct FAB tax?

With the exception of catering companies, businesses will base their FAB tax collections on their physical building address from which food or beverages are furnished, prepared or served. In most cases, this will include the correct county/municipality. However, if you are near the county/municipality borders, DOR suggests inputting your address into our online tool at <http://bit.ly/2HOreDX> to assess the proper municipality to collect FAB tax. If your business caters outside of the county where your business headquarters is located, you must pay FAB tax in the county the food is served.

FAB Tax Rates

FAB tax rates by county/municipality can be found on DOR's website at www.in.gov/dor/3983.htm. Be sure to determine both county and municipality tax after confirming your location.

If your county is new to FAB tax and it is not yet in effect, contact your county directly for tax rates.

How to Register for FAB Tax

To register your business and/or to add FAB tax, you must do so through your INBiz account at www.inbiz.in.gov.

- If you are a new business, you will need to register as a new business through INBiz.
- If you're an existing business, you will need to add FAB tax to your account in INBiz.
- With help registering for INBiz, you may contact the INBiz Office at 317-234-9768.

How to Remit your FAB Tax

To remit your FAB tax collected, you must register as described above and pay through INTax at www.intax.in.gov. The filing of the return and the remittance of the tax collected are due 30 days after the end of the month in which the transaction occurs, or the 20th of the following month if your average monthly FAB tax is \$1000 or greater. Filing deadlines can be found at www.dor.in.gov/3344.htm.

The return for FAB tax (FAB-103) is separate from the sales and use tax return.

The total rate that applies to a transaction is the county rate plus the municipal rate, if applicable. For example, the total FAB tax for a transaction occurring in Carmel, IN is two percent. The rate is based on the Hamilton County rate of one percent plus the municipality of Carmel rate of one percent.

Note: To pay in INTax, a business must allow at least 24 hours after registering for FAB tax in INBiz.

Additional Resources

- Contact your county auditor's office to learn more about FAB tax in your county
- Local FAB Taxes (Commissioner's Directive #30): <http://www.in.gov/dor/files/cd30.pdf>
- INTax QuickStart Guide: http://www.in.gov/dor/files/QuickStart_Guide_2015.pdf
- INTax Taxpayer Guide: http://www.in.gov/dor/files/2015_INTax_Taxpayer_Guide.pdf
- Sales Tax (Information Bulletin #11): <https://www.in.gov/dor/reference/files/sib11.pdf>
- Sales of Food (Information Bulletin # 29): <https://www.in.gov/dor/reference/files/sib29.pdf>

DOR Contact Information

If you have additional questions about FAB tax, contact DOR at:

- Email: FABtax@dor.in.gov
- Phone: 317-233-3260
- By mail:
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