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GRAND ISLAND OCCUPATION TAX ON MEALS

The Grand Island City Council has recently instituted an occupation tax of 1.5% on meals sold by restaurants to assist in funding the State Fair relocation. The occupation tax is imposed on the restaurants, who may bill this cost to their customers. Since the occupation tax is a part of the total charge for a meal, sales tax, both state and local, is calculated on the total cost of the meal and the occupation tax.

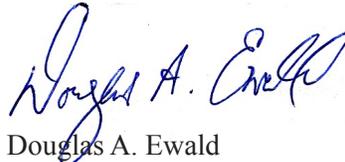
Restaurants may not show a combined tax rate of 8.5% on the customer's receipt. An example of the proper way to indicate the occupation tax, and properly collect the state and local sales tax is illustrated below:

\$50.00	Meal
+ .75	Occupation Tax (1.5%)
<u>\$50.75</u>	Subtotal
+ 3.55	Sales tax (7%) (state and local)
<u>\$54.30</u>	Total

Please visit www.revenue.ne.gov for more detailed information about Nebraska and local sales tax. Also, be sure to look at the schedule of the Department's free educational seminars in your area.

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APPROVED:



Douglas A. Ewald
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