

# **TOWN OF CHAPIN**

## **LOCAL HOSPITALITY TAX FAQ'S**

### **What is a Hospitality Tax?**

A 2% Tax imposed on the purchase of prepared or modified food and/or beverages intended for the consumption by a restaurant, hotel, motel, caterer or other food service facility within the Town. In addition, the tax shall be imposed on all food and beverages prepared or modified by convenience stores or grocery stores that have specified areas where food and beverages are prepared for immediate consumption or carry out.

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

As a business that prepares food and/or beverages within the Town, you will be responsible for the collection and remittance of this tax. Similar to the state sales tax, the levy is assessed at the point of sale and would be collected by your business, then remitted directly to the Town.

Remittance will occur on the following schedule:

- Monthly, when the average tax collection exceeds \$50 per month;
- Quarterly, when the average tax collection is between \$25 and \$50 per month; or
- Annually, when the average tax collection is less than \$25.

### **Do I charge a Hospitality Tax on Catering Orders or for sales delivered outside of Town?**

Yes, all orders/sales, whether generated inside or outside the Town, are subject to the 2% Hospitality Tax when the food is prepared within the municipality. If the business is required to remit the Hospitality Tax to another jurisdiction, the amount remitted must be disclosed to the Town on the monthly reporting form.

### **How will the Tax be remitted?**

Taxes will be remitted to the Director of Finance by the 20<sup>th</sup> of each month for the prior month's total collections. Each remittance must include a completed Local Hospitality Tax Reporting Form.

### **What if my payment is delinquent?**

A penalty of 5% per month must accompany all delinquent remittances, violations for non-payment of taxes and/or penalties are subject to fines, as provided under Town of Chapin Ordinances.

### **Why was it necessary to implement a Hospitality Tax?**

To fund the operation and maintenance of current and future tourism related facilities. Also, to fund necessary capital expenditures to promote quality of life, tourism, recreation, including future park facilities, cultural and historic structures, and to provide infrastructure and promotion to and for these projects, without relying solely upon property taxes and business license taxes.

Specifically, items to be funded by Local Hospitality Tax include:

- Revitalization and Beautification of Incorporated Areas of Town;
- Improvements of Town of Chapin Owned Properties; and
- Marketing and Promotion of Town Sponsored Events.

### **For more information or for answers to additional questions, please contact:**

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