

**FOOD, DRINK
& LODGING**

Idaho State Tax Commission
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tax.idaho.gov

This publication is intended to help restaurants, bars, and those selling lodging accommodations understand the sales tax laws that apply to them. For tax rates, visit our website at tax.idaho.gov.

SALES

Taxes that apply to sales by lodging, food, and drink providers

Any room for sleeping accommodations: Throughout Idaho, fees for sleeping accommodations are subject to the state sales tax plus the travel and convention tax.

Any room for purposes other than sleeping: When a lodging provider rents a room for nonsleeping purposes, such as for a business meeting, the travel and convention tax doesn't apply. Only the state sales tax applies.

Bed and breakfast: If a single fee is charged for a bed and breakfast accommodation, the entire fee is subject to the state sales tax and the travel and convention tax. If the price for the meal is charged separately to the customer, then only the room fee is subject to the two taxes. The meal is subject only to the state sales tax.

Campground spaces for overnight accommodations: Campground operators renting spaces for overnight accommodations must collect state sales tax plus travel and convention tax. Only the state sales tax applies to campgrounds operated by the state of Idaho or its political subdivisions.

Campground spaces for day use only: If the fee charged for using a campground doesn't include the right to stay overnight, only the state sales tax applies.

Vacation home rentals and other lodging

accommodations: Rentals of a hotel/motel, home, vacation home, cabin, lodge, condominium, townhouse, or any other structure meant to provide sleeping accommodations for periods of less than 31 days, are subject to the state sales tax and travel and convention tax. The price subject to tax includes separately stated fees for credit card processing and separately stated cleaning fees.

A hotel or motel is an establishment that provides lodging to members of the public for a fee, and includes condominiums, townhouses, vacation homes, or any other establishment that provides lodging accommodations.

Local option tax: Some Idaho counties, cities, and auditorium districts add a separate tax to the state sales tax. The Tax Commission administers the Greater Boise Auditorium District tax in the Boise area. This tax applies to hotel/motel rooms rented for sleeping accommodations (including vacation home rentals and other lodging accommodations) and for nonsleeping purposes, such as for a business meeting. For more information on local sales taxes, contact the county, city, or auditorium district in your area. You can also visit our website for a [list of local sales taxes](#) in Idaho.

Food and drink: The state sales tax applies to the price of food or drinks furnished by any restaurant, cafeteria, hotel, diner, club, or any other place serving meals or drinks. Private clubs, country clubs, athletic clubs, fraternal and similar organizations also must charge sales tax when they sell food and drinks, even if they make sales only to members. Charges for preparing and serving customer-supplied food are also taxable.

Gratuities and lodging charges

When gratuities are paid to a server, they aren't taxable as long as the gratuity is meant to supplement the server's income. Service charges that are meant to cover credit card fees or something other than the server's income are taxable as part of the purchase price.

Lodging charges subject to tax include: separately stated fees for credit card processing, cleaning fees, pet fees, fees for additional people, resort fees, forfeiture or no-show fees, reservation fees, or any fees that increase the charge for lodging accommodations. However, charges for laundry service, long distance phone calls, parking fees, and other miscellaneous charges that don't increase the charge for lodging accommodations aren't taxable if they're listed separately on the customer's bill.

Government exemptions

If government employees pay for the room or lodging and are reimbursed by their employer, the charges are still subject to all applicable taxes. An exemption applies only when the government agency pays the room or lodging charges directly. Here are ways the lodging provider can document exempt sales to a government agency:

- **Checks issued by government agencies:** If the charges are directly billed to the U.S. government or an Idaho government agency (state, city, or county) and paid for by the agency's check, the taxes don't apply. The lodging provider must keep a copy of the check or the remittance advice from the government check to document the exempt sale. Idaho state, city, and county government agencies must give the lodging provider a completed form ST-101.
- **Credit card charges directly paid by government agencies:**
 - The U.S. Government SmartPay **Purchasing Card**. All purchases made with this card are billed directly to the agency and are exempt from all applicable taxes. To document the exempt purchase, the lodging provider should have the employee complete form ST-104-HM, Sales Tax Exemption on Lodging Accommodations.
 - The U.S. Government SmartPay **Travel Card**. This card is used by federal employees for official travel expenses. Unlike the purchasing card, purchases with this card may or may not be tax exempt. If the purchase is billed to the employee, the sale is taxable. If the purchase is directly billed to the government agency, the sale is exempt from all

applicable taxes. To document the exempt purchase, the lodging provider should have the employee complete form ST-104-HM.

- Some Idaho government agencies issue a tax exempt **purchasing card** to employees. This Bank of America Visa® has the name of the state agency and, in most cases, the name of the state employee using the card imprinted on the bottom. The card reads: "State of Idaho — Tax Exempt." Charges to the card are directly billed to the state agency and paid for by the agency. To document the exempt purchase, the lodging provider should have the employee complete form ST-104-HM.
- **Other Credit Cards:** If the charges are to U.S. government or Idaho (state, county, or city) government employees using any other credit card they say is directly paid by their employer, the employees should make this claim on form ST-104-HM. The lodging provider must make sure the form is complete and keep it to document the exempt sale.

Governments of other states aren't exempt from Idaho taxes. Only charges to Idaho governments (such as state agencies, cities, or counties) and U.S. government agencies are exempt from Idaho taxes.

Other customer exemptions

Some of the most common exemptions you'll encounter are:

- **Persons who continually occupy** a room or campground space for 31 or more days are exempt from all applicable taxes. However, if a corporation rents a room for 31 or more days to be used by more than one traveling employee, all applicable taxes must be charged. The exemption applies only when the same person rents the lodging for 31 days or more. The vendor must keep records (such as the guest registration card and invoice) to show that the exemption applies.
- **Nonprofit hospitals and nonprofit schools** (both in-state and out of state) are exempt from paying sales tax on direct billing for meals and lodging. They should provide a completed form ST-101 for direct billing or ST-104-HM for credit card payment.

If customers other than those listed here claim to be exempt from sales tax, they must qualify for an exemption listed on form ST-101 or ST-104-HM and complete the form for your records.

Filing tax returns

To apply for permits to collect state sales tax, travel and convention tax, and Greater Boise Auditorium District tax, go online to business.idaho.gov or complete the Idaho Business Registration form available on our website or at any Tax Commission office. Lodging providers must file a separate tax return for each tax type they collect, even though they can lump all the taxes into one line on the sales invoice.

PURCHASES

Lodging providers and campground operators — Tax-exempt purchases

Hotels, motels, and campgrounds and other lodging providers can buy goods without paying tax if the items are:

- Consumed by their customers in such a way that they can't be reused, *and*
- Part of the price the customer pays for the lodging or camping space.

Here are some *examples* of items that can be purchased exempt from tax if they're placed in lodging accommodations or provided to campground patrons:

- Facial tissue, toilet tissue, disposable laundry bags, and paper napkins
- Soap, lotion, shampoo, and conditioner
- Disposable drinking glasses, utensils, shoe shine cloths, and shower caps
- Candy, beverages, food, and newspapers
- Stationery, envelopes, notepads, and matches

To buy these goods without paying sales tax to the vendor, the lodging provider or campground operator must complete a form ST-101 for the supplier's records.

Lodging providers and campground operators — Taxable purchases

You must pay sales or use tax on any items that are:

- *Not* included in the lodging or campground charge, or
- *Not* directly consumed by the customer, or
- *Not* disposable

Examples of items you should pay tax on include:

- Bath towels, bath mats, garbage can liners, linens, and bedding
- Glassware, silverware, and china

- Furniture and fixtures
- Bibles, books, magazines, and directories
- Any items available to the general public

Food and drink providers — Tax-exempt purchases

Sellers of food, meals, or drinks can buy goods for resale without paying tax if the items are:

- For resale to their customers,
- Included in the fee charged to the customer, and
- Directly consumed by the customer in such a way that they can't be reused.

Here are some *examples*:

- Food and drink ingredients
- Disposable containers (paper cups and plates, "to-go" containers and sacks, pizza cartons, chicken buckets, etc.)
- Disposable supplies that are used by the customer and are included in the price of the meal or drink (drinking straws, stir sticks, paper napkins, paper placemats, plastic eating utensils, toothpicks, etc.)
- Candy, popcorn, drinks, or food included in the price of other food, meals, and drinks (such as hors d'oeuvres served to patrons in a lounge)

To buy these goods without paying sales tax to the vendor, the lodging provider, restaurant, or campground must complete a form ST-101 for the supplier's records.

Food and drink providers — Taxable purchases

Items that aren't included in the fee charged to the customer and aren't directly consumed by the customer are taxable when purchased by a restaurant, bar, or similar establishment.

Examples of taxable goods include:

- Waxed paper, plastic wrap, foil, paper towels, dish soap, garbage can liners, or other products consumed by the retailer
- Linens, silverware, glassware, tablecloths, towels, and nondisposable napkins and cookware
- Furniture, fixtures, and other depreciable property
- Menus
- Any item available to the general public or employees, such as restroom supplies and matches
- Complimentary candy, popcorn, drinks, or food, when patrons aren't required to buy other food, meals, or drinks in order to receive the free goods

For more information, read:

Use Tax (#2) Publication

Retailers (#4) Publication

Retailers and Wholesalers: Making Exempt Sales (#5) Publication

Sales Tax Administrative Rule #28: Hotels, Motels, and Campgrounds

Sales Tax Administrative Rule #41: Food, Meals, or Drinks

Idaho Code 67-4711: Idaho Hotel/Motel Room and Campground Sales Tax Code and Administrative Rules

This publication doesn't provide full explanations of Idaho tax laws or rules. For more information, contact:

- Idaho State Tax Commission: 334-7660 in the Boise area or toll free at (800) 972-7660
- Hearing impaired: TDD (800) 377-3529
- **tax.idaho.gov**