

## PUBLIC OUTLET (*restaurant/hotel*) - COMPUTATION OF TAX

### COMPUTATION OF SUPPLEMENTAL (MIXED DRINK) TAX

**EXAMPLE:** A restaurant/hotel that serves alcoholic beverages has gross receipts (includes tax collected) for the month of March 2004 from the following sources.

mixed drink sales	12,000.00	food sales	20,000.00
beer sales	5,000.00	room sales	42,000.00
wine sales	3,500.00	Miscellaneous	2,000.00

1. To determine taxable sales of mixed drinks subject to the supplemental tax, extract from the gross sales of mixed drinks all taxes collected (10% supplemental tax, 4% additional supplemental tax, 6% state sales tax and any local option mixed drink and/or sales tax) by dividing gross sales of mixed drinks by a factor of 100% *plus* the total percentage rate of all taxes collected.

$$\text{taxable sales of mixed drinks} = \frac{12,000.00}{120\%} = 10,000.00 \quad **$$

2. To calculate the 10% mixed drink tax due, multiply taxable sales of mixed drinks by the 10% tax rate.

$$\begin{array}{r} 10,000.00 \\ \times 10\% \\ \hline 1,000.00 \end{array} \quad \text{10\% mixed drink tax due}$$

3. To calculate the 4% additional mixed drink tax due, multiply taxable sales of mixed drinks by the 4% tax rate.

$$\begin{array}{r} 10,000.00 \\ \times 4\% \\ \hline 400.00 \end{array} \quad \text{4\% additional mixed drink tax due}$$

**NOTE:** Beer sales and wine sales are not subject to mixed drink tax when sold at public outlets (restaurant and hotels).

\*\* Add local city and/or county tax rates to this rate, if applicable.

## COMPUTATION OF GROSS (SALES) RECEIPTS TAX & TOURISM TAX

- To determine taxable sales for sales of beer, wine, food, rooms and miscellaneous, extract all taxes collected (6% state sales tax, 2% tourism tax and any local option sales taxes) from gross sales for these items by dividing gross sales by a factor of 100% *plus* the total percentage rate of all taxes collected.

subject to 6% state sales tax		subject to 6% state sales tax & 2% tourism tax	
gross wine sales	3,500.00	Gross room receipts	42,000.00
gross beer sales	5,000.00		
gross food sales	20,000.00		
gross misc. sales	2,000.00		
	30,500.00		42,000.00
taxable sales = $\frac{30,500.00}{106\%^{**}}$	28,773.58	taxable sale = $\frac{42,000.00}{108\%^{**}}$	38,888.89

- To determine total taxable sales subject to the 6% gross receipts (sales) tax, add taxable sales of mixed drinks (per the previous computation), taxable sales of beer, wine, food, miscellaneous and room sales.

mixed drinks	10,000.00
wine, beer, food, misc.	28,773.58
room sales	38,888.89
TOTAL TAXABLE SALES	77,662.47

- To calculate the state gross receipts (sales) tax due, multiply total taxable sales by the 6% sales tax rate.

77,662.47	
x 6%	
4,659.75	6% state gross receipts (sales) tax due

- To calculate the state tourism tax due, multiply room sales by the 2% tourism tax rate.

38,888.89	
x 2%	
777.78	2% state tourism tax due

\*\* Add local city and/or county tax rates to this rate, if applicable.

**NOTE: Act 1841 of 2001 - Sales and Use Tax**

This act extends the 3% special alcoholic beverage excise tax to retail sales of beer for off premises consumption. This tax previously applied only to liquor and wine. The revenue from this new levy shall be used to provide child-care for low-income families and to fund the Arkansas Better Chance Program. Act 272 of 2003 extends this 3% excise tax on beer to expire on June 30, 2005. In the event you have sales of beer for off premise consumption, compute the 3% additional beer excise tax.