

Town of Fort Mill
Hospitality Tax Frequently Asked Questions

1. What is the Local Hospitality Tax?

The Local Hospitality Tax is a tax in the amount of two percent (2%) applied to the total amount of the charge for prepared or modified foods and beverages intended for immediate consumption and sold within the municipal limits of the Town of Fort Mill.

2. Where do I send the taxes collected under the 2% Hospitality Tax?

The taxes collected under the 2% Hospitality Tax should be sent to the following address:

Hospitality Tax
Town of Fort Mill
PO Box 159
Fort Mill, SC 29716

Do not send these revenues to the State of South Carolina as part of you normal monthly reporting to the Department of Revenue.

3. What are the benefits of the Local Hospitality Tax?

The Local Hospitality Tax may fund the following projects: (1) the construction, repair, and other capital-related needs of tourism-related buildings, including, but not limited to, civic centers, coliseums, and aquariums; (2) the construction, repair, and other capital-related needs of tourism-related facilities, including, but not limited to, cultural, recreational, or historic facilities; (3) tourism related beautification projects; (4) the construction, repair, and other capital-related needs of highways, roads, streets, and bridges to serve tourism-related demand; (5) advertisements and promotions related to tourism development; and (6) the construction, repair, and other capital-related needs of water and sewer infrastructure to serve tourism-related demand.

4. What sales are subject to the Local Hospitality Tax?

All food, beverage, and alcohol sales in bars, restaurants, and other food establishments are subject to the Local Hospitality Tax. Specifically, all food and beverage items that are prepared or modified by convenience stores, grocery stores, and other similar establishments, and that are intended for immediate consumption, are subject to the Local Hospitality Tax. In establishments such as arcades, amusements, and theaters, the sale of prepared or modified foods and beverages such as fountain drinks, popcorn, and nachos, are subject to the Local Hospitality Tax. Caterers are not subject to the 2% tax.

5. Who is responsible for collecting and remitting the Local Hospitality Tax?

The establishments providing the prepared or modified foods and beverages are responsible for the collection of this tax from patrons and are liable to remit collections to the Town of Fort Mill.

6. How will the Local Hospitality Tax be remitted to the Town of Fort Mill?

Each establishment providing such prepared or modified foods and beverages must submit, each month, the Town of Fort Mill's Local Hospitality Tax Reporting Form to the Town of Fort Mill. This form will require the establishment to disclose its monthly gross proceeds from the sale of foods and beverages subject to the Local Hospitality Tax, even if that amount is zero.

For those establishments which owe the Town of Fort Mill an amount in excess of fifty dollars (\$50.00) per month, the establishment must remit the amount owed on a monthly basis, along with the Town of Fort Mill's Local Hospitality Tax Reporting Form. For those establishments which owe the Town of Fort Mill an amount between twenty-five dollars (\$25.00) and fifty dollars (\$50.00) per month, the amount must be remitted quarterly, on or before the twentieth day of each of the following months, for the preceding quarter: January, April, July, and October. For those establishments which owe the Town of Fort Mill less than \$25.00 per month, the amount must be remitted annually, by the twentieth day of January, for the preceding calendar year.

7. What if an establishment's payment to the Town of Fort Mill is late?

A penalty of five percent (5%) of the unpaid amount for each calendar month or portion thereof shall apply.

8. Does the Local Hospitality Tax Act stipulate a business implementation credit for start-up costs?

No, the Local Hospitality Tax Act makes no such provision.

9. What is the implementation schedule for the Hospitality Tax?

The fee would be implemented with following the schedule

First Reading of Ordinance	March 13, 2006
Public Hearing and Second Reading of Ordinance	April 10, 2006
Mail Notification Letters/Reporting Forms to Affected Businesses	April 17, 2006
Effective Date of Tax Collections	October 1, 2006
1 st 2% Revenue Report Due to City Collections Office	November 20, 2006

10. How will the funds generated by the Hospitality Tax be allocated in future budgets?

The allocation of funds will be designated each year during the budget process. The Town Manager will bring a recommendation to the Town Council on how the funds may be allocated during that process. Town Council will consider that recommendation and determine if any changes need to be made prior to the adoption of the Town budget.

11. How will the Town conduct audits of the Hospitality Tax?

Any audits will be done in compliance with state law and will follow the same procedures that are used under the business license ordinance.

12. Can the Town Council establish a Hospitality Tax advisory committee?

State law makes no provision for an advisory committee. Town Council may choose to direct the Town Manager to appoint an advisory committee that would make recommendations to the Town Manager. These recommendations would then be incorporated as a part of the annual budget process and considered by Town Council at that time.

13. How do I calculate the taxes to be remitted to the Town under the 2% hospitality tax?

This is an example of how to calculate the new tax:

- 1. Total of all revenue for all foods and beverages prepared for immediate consumption \$ 50,000
- 2. Multiply this number by 2% x .02
- 3. The result is the amount to be remitted to the
Town of Fort Mill, *not the S.C. Department of Revenue* \$ 1,000

The 2% hospitality tax is to be remitted to the Town on a monthly basis, along with the attached form, and is due on or before the 20th day of the month and should cover the tax due for the previous month.

