

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE CHIEF FINANCIAL OFFICER  
OFFICE OF TAX AND REVENUE



May 26, 2020

**OTR NOTICE 2020-06**

**TAXATION OF FOOD, DRINK, AND ALCOHOL IN THE DISTRICT OF COLUMBIA**

Generally, in the District of Columbia, sales of food, drink, and alcohol for consumption on-premises prepared by restaurants, bars, and similar establishments are subject to sales tax at a rate of 10%. Sales of alcoholic beverages for consumption off-premises are subject to sales tax at a rate of 10.25%. If a sale is made directly by a restaurant (at the restaurant's location, through the restaurant's own website, over the phone, or by other electronic means), the restaurant is required to collect sales tax as usual and remit that tax to the Office of Tax and Revenue (OTR).

Additionally, District law requires that "marketplace facilitators," as defined by D.C. Code § 47-2001(g-5), collect and remit to the District, sales tax on sales made on their marketplaces. A marketplace "means a physical or electronic place, including a store, a booth, an Internet web site, a catalogue, or a dedicated sales software application, where a retail sale, as defined in subsection (n) of this section, occurs." D.C. Code § 47-2001(g-4).

In the context of restaurants and bars, marketplace facilitators, for example, take orders from customers for delivery or pick-up at a restaurant and collect payment directly from customers. Such marketplace facilitators are required to collect sales tax from customers at the proper rate (see above) and remit such sales tax to OTR.

**Key Points:**

- Marketplace facilitators are required to collect and remit tax on their restaurant sales at the 10% sales tax rate (10.25% for alcoholic beverage to be consumed off-premises). Marketplace facilitators should pay sales tax directly to OTR and should not pay such sales tax to the restaurants.
- If a restaurant erroneously receives a sales tax payment from a marketplace facilitator, it should report and remit the funds to the OTR on its sales tax return. Additionally, the restaurant should provide this notice to the marketplace facilitator.
- Restaurants making sales directly to customers are required to collect and remit sales tax to OTR at the 10% sales tax rate (10.25% for alcoholic beverage to be consumed off-premises).
- Restaurants that have reported sales at the incorrect rate may file an amended sales tax return to report any increase or decrease in tax due. Use [mytax.dc.gov](http://mytax.dc.gov) to file an amended sales tax return and to claim a refund if the amended return results in a decrease in tax due.

For additional information, please contact OTR's Customer Service Center at [e-services.otr@dc.gov](mailto:e-services.otr@dc.gov) or (202) 759-1946.