



Mixed Beverage Gross Receipts Tax Guidebook

July 2000

Texas Comptroller of Public Accounts

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Records and Reporting Requirements

I. Records

A. Source Record

1. Definition

A source record is:

- a. a dated customer service check or ticket (**See** Exhibit 1, page 8);
- b. a dated cash register tape or computer printout, if coded to reflect all required information (**See** Exhibit 2, page 9); or
- c. an equivalent form to record the required information in a manner which makes such information clearly evident.

2. Required Information

- a. Each permittee must record on a source record the following information in a manner that makes such information clearly evident:

- (1) Each individual, separate service of an alcoholic beverage and the price charged therefore.

When using service checks, it is permissible to make one entry on a service check for more than one individual serving if all of the servings are of the same type. (**See** Exhibit 1, page 8)

Example: 3 Scotch & Water @ \$2.00 = \$6.00

If all of the servings are not of the same type, a separate entry must be made on the service check for each type of service. (**See** Exhibit 1, page 8)

Example: 2 Scotch & Water @ \$2.00 = \$4.00

1 Bourbon & Coke @ \$2.00 = 2.00

2 Martinis @ \$2.25 = 4.50

When using a cash register only, regardless of the type of service, each individual serving must be rung up separately. (**See** Exhibit 2, page 9)

When using a combination of service checks and cash register tapes, it is not necessary to itemize each serving on the cash register tape if the required information is shown on the service check.

- (2) For an alcoholic beverage not served as an individual separate serving:

- (a) the unit of the serving used; and

- (b) the price charged.

When using service checks, units of servings that are more than an individual separate serving shall be recorded as such.

Example: 2 pitchers of beer @ \$3.25 = \$6.50 or

1 pitcher of daiquiri @ \$6.00 = \$6.00

When using a cash register only, each unit of serving which is more than an individual serving must be rung up separately, with the price list identifying the unit of serving. (**See** Exhibit 2, page 9)

- (3) Each separate serving or other unit shall be clearly identified as to the:

- (a) kind of drink (daiquiri, Tom Collins); or

- (b) class of beverage (beer, wine, whiskey), as the case may be.

When using service checks, the kind of serving must be clearly identified. (See Exhibit 1, page 8)

Example: Bourbon, Scotch, Gin, Vodka, Collins, Martini, etc.

When using a cash register, the kind of serving shall be classified by register keys. (See Exhibit 2, page 9)

Example: Key I — Distilled Spirits

Key II — Wine

Key III — Beer

If a cash register does not have sufficient keys for the classifications, the price list used for identifying the units of servings must also identify the kinds of servings.

- (4) The date of the transaction. For this purpose the "date" as of 3:00 a.m. one day continues until 3:00 a.m. the next day.
 - b. Each permittee must maintain a price list of all alcoholic beverages served. This list should include prices charged during promotional periods.
3. Maintenance
Source records must be maintained:
 - a. in sequence by date; and
 - b. for a period of four years.

B. Daily Summary

Each permittee must prepare a daily summary of the following:

1. All information required to be recorded on source records:
 - a. the gross taxable receipts for each class of beverage;
 - b. taxable entertainment or entry fees; and
 - c. the number of containers of alcoholic beverages:
 - (1) used in cooking; *
 - (2) lost to breakage; *
 - (3) lost to theft; and *
 - (4) lost to disaster. *

* See Section II. Tax Liability, page 2.
2. Complimentary alcoholic beverages dispensed, showing:
 - a. type of service;
 - b. kind of drink; and
 - c. normal selling price.

(See Exhibits 3 and 4, pages 10 and 11, for suggested daily summary forms for taxable entry fees and total taxable gross receipts.)

C. Purchase Invoice

Permittees must retain alcoholic beverage purchase invoices for a period of four years.

II. Tax Liability

In examining the tax account of any permittee to establish its gross receipts liability, the Comptroller presumes that the disposition of all alcoholic beverages purchased by the permittee is taxable until established otherwise.

A. Complimentary Alcoholic Beverage

1. Definition
 - a. Alcoholic beverages served without any charge to the person served.
 - b. A serving of alcoholic beverage is not a complimentary alcoholic beverage if it is served under conditions which include, but are not limited to, the following:
 - (1) the beverage is served in conjunction with food or any other item sold to the recipient; or
 - (2) if any entertainment or entry fee is charged and allows the customer to obtain an alcoholic beverage at no additional charge.
2. Records
 - a. Complimentary alcoholic beverages shall be recorded on service checks only. (**See** Exhibit 1, page 8.)
 - (1) A check should be prepared for each individual or party served.
 - (2) The check should be prepared as if it was a normal sale and then clearly marked as being complimentary.
 - b. Service checks should be grouped daily and filed with the daily summary showing the following information on the summary.
 - (1) The types of services:
 - (a) individual serving; and
 - (b) more than an individual serving.
 - (2) The kinds of drinks:
 - (a) liquor;
 - (b) wine;
 - (c) beer and malt liquor.
 - (3) The total for the types of alcoholic beverages at the normal selling prices.
3. Use Tax Due

Any person who provides alcoholic beverages to others without charge owes use tax, per (Sales) Tax Code, Chapter 151, on the cost of the taxable ingredients of the drink, napkins, straws, etc., provided with the drinks.

B. Gratuity

1. Not Taxable

A gratuity that is charged to the customer or person served that does not exceed 20% of the sales price or service charge, will not be taxable if it is recorded on a service check as an identifiable item and is in due course disbursed to the proper employee or employees who customarily and regularly receive gratuities.
2. Taxable

Gratuities will not be exempt unless returned to the employees responsible for the sale or service.

C. Established Theft

1. The permittee must prepare a written report outlining the number of containers lost by size, brand, and class.
2. A theft of alcoholic beverages must be reported to the proper police or sheriff's department and must be substantiated by the report of such police or sheriff's department.

D. Established Disaster

1. The permittee must prepare a written report outlining the number of containers lost by size, brand, and class.
2. A disaster causing a loss of alcoholic beverages must be reported to the Comptroller.

E. Used In Cooking

1. Purchases
Claims for tax exemptions on alcoholic beverages used in cooking must be documented by:
 - a. purchase invoices that have such beverages clearly denoted by either the seller or purchaser; or by
 - b. separate purchase invoices.
2. Inventory
Alcoholic beverages used in cooking may be stored:
 - a. with regular bar stock; or
 - b. in a separate storage area.
3. Withdrawal
When alcoholic beverages are removed from inventory for use in cooking, the withdrawal from inventory and use of the beverages should be recorded:
 - a. on service checks; or
 - b. in other permanent records.

F. Established Breakage

Claims for tax exemptions on alcoholic beverages lost to breakage must be supported by reports prepared by the permittee at the times the losses occurred.

G. Line Cleaning

Claims for tax exemptions on alcoholic beverages lost when dispensing equipment lines are drained for regularly scheduled servicing and cleaning, or for repair of equipment malfunctions, must be supported by:

1. reports prepared by the permittee at the time of the malfunctions; and/or
2. repair/service invoices prepared by the repair/service company.

The permittee should retain these reports or invoices with the daily summaries.

H. Used In Mixing

Claims for tax exemptions on alcoholic beverages used as the secondary ingredient in drinks (vermouth, triple sec, etc.) must be supported by purchase invoices which have such beverages clearly denoted by the purchaser.

I. Bad Debts

A credit or reimbursement for the tax paid on alcoholic beverages charged off the permittee's records as a bad debt is allowed only if:

1. the sale or service of the alcoholic beverage occurred on or after August 28, 1995;
2. the unpaid portion of the gross receipts is designated in the permittee's books as a bad debt; and

3. the bad debt is claimed as a deduction for federal tax purposes in the same or subsequent reporting period.

If any portion of the bad debt is later paid, the permittee must report and pay the tax on that portion during the same reporting period the payment is received.

III. Audit/Examination of Tax Account

A. Reports Filed With Comptroller's Office

In examining the tax account of any permittee, the Comptroller may compute and determine the amount of gross receipts tax liability upon the basis of reports filed with the Comptroller, but if such reports are found unsatisfactory, the computation and determination of the gross receipts tax liability may be based upon any records or information available or obtained from the permittee or any seller who furnished alcoholic beverages to the permittee.

B. Failure To Maintain or Make Records Available For Audit

In examining the tax account of each permittee, if the Comptroller finds that the permittee has failed to maintain or make available the records required by any regulation of the Comptroller, the Comptroller may compute and determine the amount of gross receipts tax liability from any available source or records, and estimates of the tax liability may be made by use of any available record for any period for which the permittee has failed to maintain records or file a report with the Comptroller.

C. Access To All Information

In examining the tax account of a permittee to establish its gross receipts tax liability, the Comptroller may examine all books, papers, records, documents, supplies and equipment of the permittee.

Additional records that may be required to be presented will include, but not be limited to, the following:

1. all procedural and operational manuals of the business;
2. all accounting and financial ledgers, journals, and registers;
3. all financial statements prepared internally or by an outside bookkeeper, accountant or C.P.A.;
4. all bank statements;
5. all federal income tax returns;
6. all state and federal employment tax returns and supporting documentation.

IV. Monthly Report of Gross Receipts Tax

A. Due Date

1. The original report, accompanied by payment in the form of a check payable to the State Comptroller, shall be filed with the Comptroller on or before the 20th day of the month following the month for which the report is made.
(See Exhibit 5, page 12)
2. A legible postmark made by the United States Postal Service is prima facie evidence of the date of mailing and filing. The Comptroller is not responsible for any reports and/or payments receiving Postal Service postmarks dated later than the due date, or for reports and/or payments otherwise lost or misdirected by the Postal Service.

To protect yourself from any Postal Service delay, and a late filing penalty, you may submit your report and payment early in the month or send it via certified mail or registered mail. The mailing address is:

Comptroller of Public Accounts
111 E. 17th Street
Austin, Texas 78774-0100

B. Failure To File or Pay

1. If the report and/or payment is not timely filed, the permittee shall forfeit an amount equal to 5% of the tax due as a penalty, and after 30 days the penalty is increased to 10% of the tax due. Interest will begin to accrue on the 61st day after the due date.
2. A report is due each month as long as the permit has not expired or been cancelled. If no business was transacted during the month, a report indicating "No Sales" must be submitted.

V. Exhibits

- Exhibit 1 – Source Record: Complimentary Drink Service Check
- Exhibit 2 – Source Record: Cash Register Tape
- Exhibit 3 – Daily Summary: Taxable Entry Fees
- Exhibit 4 – Daily Summary: Total Taxable Gross Receipts
- Exhibit 5 – Texas Mixed Beverage Gross Receipts Tax Report (Form #67-100)
- Exhibit 6 – Texas Mixed Beverage Gross Receipts Tax Report, Outlet Supplement (Form #67-101)

Exhibit 1 – Source Record: Complimentary Drink Service Check

DATE	SERVER	PERSONS	CHECK NO
7-30-87	JK	4	25224
1	1 Bud Light	1.25	
2	3 Scotch/Water	6.00	
3			
4		\$7.25	
5			
6			
7			
8	COMPLIMENTARY		
9			
10			
11			
12			
13			
14			

Example Check #25224

"Service Check" in acceptable form showing:

- 1 individual, separate serving/price
- 2 more than one individual serving where all servings are of the same type
- 3 complimentary service

DATE	SERVER	PERSONS	CHECK NO
7-30-87	DC	5	25441
1	2 Scotch/Water	4.00	
2	1 Bourbon/Coke	2.00	
3	2 Martini	4.50	
4			
5		\$10.50	
6	Gratuity @ 15%	1.58	
7			
8		\$12.08	
9			
10			
11			
12			
13			
14			

Example Check #25441

"Service Check" in acceptable form showing:

- 4 more than one individual serving where all of the servings are not of the same type
- 5 identifiable gratuity
- 6 the kind of serving

Exhibit 2 – Source Record: Cash Register Tape

Dated cash register tapes showing:

- 1** individual serving rung up separately
- 2** a unit of serving which is more than an individual serving, rung up separately
- 3** the kind of serving classified by register keys

	Date	
<p>key 1 - Bar Lfc key 2 - Call Li key 3 - Beer key 4 - Wine</p> <p>3 02-10-88 1 +2.00 +2.00 R 4152-01A</p> <p>02-10-88 1 +2.00 +2.00 R 4153-01A</p> <p>3 02-10-88 3 +0.90 +0.90 R 4154-01A</p> <p>02-10-88 2 +2.75 +2.75 R 4155-01A</p> <p>1 02-10-88 3 +0.90 3 +0.90 +1.80 R 4156-01A</p> <p>3 02-10-88 4 +1.00 4 +1.00 +2.00 R 4157-01A</p> <p style="text-align: center;">↓</p> <p>02-10-88 10202 +0 \$35,371.49T 1 186 Q +294152 2 157 Q +322502 3 203 Q +168672 4 4 Q +9002 +198302R</p>		<p>Key 1 - Liquor Key 2 - Beer Key 3 - Wine</p> <p style="text-align: center;">Date 2-10-88</p> <p>9781 0001.50 TOTL 1 9780 0001.50 TOTL 1 9779 0001.50 TOTL 1 9778 0001.10 TOTL 2 9777 0001.50 TOTL 1 9776 0001.10 TOTL 1 9775 0001.10 TOTL 1 9774 0001.10 TOTL 1 9773 0000.00 TOTL 1 9772 0001.50 TOTL 1 9771 0001.50 TOTL 1 9770 0001.50 TOTL 1 9769 0000.00 TOTL 1 2 9768 0000.00 TOTL 3 9767 0010.00 TOTL 1 9766 0001.50 TOTL 1 9765 0001.50 TOTL 1 9764 0001.50 TOTL 1 9763 0000.00 TOTL 1 9762 0000.00 TOTL 1 9761 0001.10 TOTL 1 9760 0000.00 TOTL 1 9759 0001.10 TOTL 1 9758 0001.10 TOTL 1 9757 0001.10 TOTL 1 9756 0001.50 TOTL 1 9755 0001.10 TOTL 1 9754 0000.00 TOTL 1 9753 0000.00 TOTL 1 9752 0001.50 TOTL 1 9751 0001.50 TOTL 1 9750 0000.00 TOTL 1</p> <p style="text-align: center;">Totals</p> <p>9849 0209.95 RST 1 9848 0000.00 TOTL 1 9847 0000.00 RST 1 9846 0000.00 RST 1 9845 0020.00 RST 1 9844 0063.95 RST 1 9843 0126.00 RST 1</p>

Exhibit 3 – Daily Summary: Taxable Entry Fees

Month of _____, 20____ CALCULATING TAXABLE ENTRY FEE (THIS IS NOT A FORM SUPPLIED)

DAY	2		3		4		5		6		7		8		9		10		11		12		13		14		15		
	TOTAL ENTRY FEE	NUMBER OF SERV.	NORMAL VALUE OF SERV.	NUMBER OF SERV.	NORMAL VALUE OF SERV.	* RECEIVED VALUE FOR SERVICES	DIFFERENCE 3-4	NUMBER OF SERV.	NORMAL VALUE OF SERV.	NUMBER OF SERV.	NORMAL VALUE OF SERV.	RECEIVED VALUE FOR SERVICES	DIFFERENCE 7-8	NUMBER OF SERV.	NORMAL VALUE OF SERV.	RECEIVED VALUE FOR SERVICES	DIFFERENCE 11-12	TOTAL DIFFERENCE 3+9+13	TAXABLE ENTRY FEE LESSOR OF COL. 10+14										
1.																													
2.																													
3.																													
4.																													
5.																													
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25.																													
26.																													
27.																													
28.																													
29.																													
30.																													
31.																													
TOTAL																													

** Reduced prices received if applicable.

Exhibit 4 - Daily Summary: Total Taxable Gross Receipts

DAILY SUMMARY FOR THE MONTH OF _____, 20____. (This is not a form supplied)

DAILY TAXABLE GROSS RECEIPTS										COMPLIMENTARY							
1		2		3				4		5		6		7		8	
LIQUOR		WINE		BEER AND MALT LIQUOR		CANS & BOT		GLASSES		PITCHERS		LIQUOR		WINE		BEER AND MALT LIQUOR	
DAY NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
TOTAL TAXABLE RECEIPTS																	
DOOR CHARGE																	
TAXABLE																	
1+2+3+4																	
TOTAL TAXABLE RECEIPTS																	
CHANGES																	
DURING THE MONTH																	
FROM																	
TO																	
1																	
2																	
3																	
4																	
5																	
6																	
7																	
8																	
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25																	
26																	
27																	
28																	
29																	
30																	
31																	
Total																	

PLEASE ATTACH TO THIS FORM ANY INFORMATION PERTAINING TO CHANGES DURING THE MONTH
 Price Changes, Glass Sizes, Margarita Recipes, Ounces
 Per Serving, Parties, Promotions, Cover Charges.

Exhibit 5 – Texas Mixed Beverage Gross Receipts Tax Report (Form #67-100, Front)

Comptroller of Public Accounts FORM 67-100 (Rev. 11-99/5)

b.

TEXAS MIXED BEVERAGE GROSS RECEIPTS TAX REPORT

a. T Code **73100**

- DO NOT WRITE IN SHADED AREAS

c. Taxpayer number <input type="checkbox"/>	d. Filing period	e. <input type="checkbox"/>	f. Due date
--	------------------	-----------------------------	-------------

g. Name and mailing address (Make any necessary name or address changes below.)

IMPORTANT

Black out this box if your mailing address has changed. Show changes by the preprinted information. 1.

If you are no longer in business or your business name and/or location has changed, refer to the Business Changes instructions on the back of this form.

h. <input type="checkbox"/>	i. <input type="checkbox"/>
-----------------------------	-----------------------------

Permit number:	Business location name: Address:	Location number: <input type="checkbox"/>
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1. Dollar amount (retail selling price) of complimentary drinks for this location (See instructions on back) 1. **.00** **REPORT WHOLE DOLLARS ONLY**

2. Gross sales of liquor for this location	2. <input type="checkbox"/>	.00
3. Gross sales of wine for this location	3. <input type="checkbox"/>	.00
4. Gross sales of beer and malt liquor for this location	4. <input type="checkbox"/>	.00
5. Gross cover charges (subject to gross receipts tax) for this location (See instructions on back)	5. <input type="checkbox"/>	.00
6. Total gross taxable amount for this location (Total of Items 2, 3, 4, and 5)	6. <input type="checkbox"/>	.00

j. T Code **73180**

For Items 7 - 11 REPORT WHOLE DOLLARS ONLY

7. Total gross sales of liquor FROM ALL LOCATIONS (Item 2 on this page plus the total of Item 7 from all business location supplement pages)	7. <input type="checkbox"/>	.00
8. Total gross sales of wine FROM ALL LOCATIONS (Item 3 on this page plus the total of Item 8 from all business location supplement pages)	8. <input type="checkbox"/>	.00
9. Total gross sales of beer and malt liquor FROM ALL LOCATIONS (Item 4 on this page plus the total of Item 9 from all business location supplement pages)	9. <input type="checkbox"/>	.00
10. Total gross cover charges FROM ALL LOCATIONS (Item 5 on this page plus the total of Item 10 from all business location supplement pages)	10. <input type="checkbox"/>	.00
11. Total gross amount FROM ALL LOCATIONS (Total of Items 7, 8, 9, and 10)	11. <input type="checkbox"/>	.00
12. Total tax due [Multiply Item 11 by tax rate of .14 (14%). ENTER DOLLARS AND CENTS]	12. <input type="checkbox"/>	.
13. Penalty (See instructions on back)	13.	.
14. Interest (See instructions on back)	14.	.
15. TOTAL AMOUNT DUE AND PAYABLE (Item 12 plus Item 13 and Item 14)	15. <input type="checkbox"/>	.

Taxpayer name	k. <input type="checkbox"/>	l. <input type="checkbox"/>
---------------	-----------------------------	-----------------------------

T Code Taxpayer number Period

Make the amount in Item 15 payable to: STATE COMPTROLLER
Mail to: COMPTROLLER OF PUBLIC ACCOUNTS
111 E. 17th Street
Austin, Texas 78774-0100

I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief.

Duly authorized agent

sign here 
Daytime phone _____ Date _____

Exhibit 5 – Texas Mixed Beverage Gross Receipts Tax Report (Form #67-100, Back)

Form 67-100 (Back)(Rev.11-99/5)

INSTRUCTIONS FOR COMPLETING THE TEXAS MIXED BEVERAGE GROSS RECEIPTS TAX REPORT

GENERAL INFORMATION

WHO MUST FILE - Every person (sole owner, partnership, corporation or other organization) who is a holder of a Mixed Beverage Permit, Private Club Registration Permit, or Private Club Exemption Certificate Permit is responsible for payment of Texas Mixed Beverage Gross Receipts Tax and must file this report. (TEX. TAX CODE ANN. sec. 183.022)

Reports must be filed for every period even if there is no amount subject to tax or no tax due. Complete and detailed daily records must be kept of all sales so that reports can be verified by a state auditor.

WHEN TO FILE - Reports must be filed on or before the 20th day of the month following each reporting period. If the due date falls on a Saturday, Sunday or legal holiday, the next business day will be the due date.

BUSINESS CHANGES - It is your responsibility to notify the Comptroller's Office if your business changes or if you do not receive the correct forms to report your taxes.

When you cease business operations, contact the Texas Alcoholic Beverage Commission (TABC) for instructions on how to deactivate your Mixed Beverage Permit, Private Club Registration Permit or Private Club Exemption Certificate Permit. You must continue to file mixed beverage gross receipts tax reports with the Comptroller of Public Accounts until your permit status is changed by the TABC, even if you have no mixed beverage gross receipts. When your permit has been deactivated by the TABC, we will discontinue sending you report forms.

FOR ASSISTANCE - If you have any questions concerning mixed beverage tax or require forms, please call 1-800-252-5555 toll free nationwide. The local number in Austin is 512/463-4600. If you're calling from a Telecommunications Device for the Deaf (TDD), the toll-free number is 1-800-248-4099. The TDD number in Austin is 512/463-4621.

SPECIFIC INSTRUCTIONS

ITEM c - Enter the taxpayer number assigned to your mixed beverage tax account. If you do not know your taxpayer number, enter your Social Security number or your Federal Employer's Identification (FEI) number in this box.

ITEM d - Enter the monthly filing period of this report and the last day of the period. EXAMPLE: "Monthly, 01-31-96."

ITEM 1 - Enter the total dollar amount of complimentary drinks given during the reporting period for each location (outlet). (Number of drinks multiplied by the normal per drink selling price.) *Report whole dollars only. Enter "0" if no complimentary drinks were given during the reporting period.*

NOTE: TEXAS USE TAX, based on the cost of taxable ingredients in complimentary alcoholic beverages, should be reported on your sales tax return for the applicable period. Do not use complimentary drink data from Item 1 in your mixed beverage gross receipts tax calculations.

ITEM 2 - Enter the total amount of sales of liquor, ice, mixes and non-alcoholic beverages used in mixing made during the reporting period for each location (outlet). *Report whole dollars only. Enter "0" if no sales of liquor were made during the reporting period.*

ITEM 3 - Enter the total amount of sales of wine made during the reporting period for each location (outlet). *Report whole dollars only. Enter "0" if no sales of wine were made during the reporting period.*

ITEM 4 - Enter the total amount of sales of beer and malt liquor made during the reporting period for each location (outlet). *Report whole dollars only. Enter "0" if no sales of beer and malt liquor were made during the reporting period.*

ITEM 5 - For each location, enter only the total amount of cover charges taxable under gross receipts tax. A cover charge taxable under the gross receipts tax is one collected solely in conjunction with reduced prices on alcoholic beverages (see TABC Rule 16 TAC sec. 45.103). DO NOT include cover charges taxed under limited sales tax. *Enter "0" if no cover charges taxable under the gross receipts tax were collected during the reporting period.*

BAD DEBTS - You may claim a credit on bad debts written off your books for sales made on or after August 28, 1995. To qualify for the credit, the bad debt must also be deducted on your federal income tax return during the same or subsequent reporting periods. To claim a bad debt credit on this report, reduce gross sales figures in Items 2, 3, 4, or 5 for the applicable locations.

ITEM 7 - Enter the grand total of the amounts of sales of liquor shown in Item 2 of this report and in Item 7 on all supplement reports, Form 67-101, for the reporting period. *Enter "0" if no sales of liquor were made during the reporting period.*

ITEM 8 - Enter the grand total of the amounts of sales of wine shown in Item 3 of this report and in Item 8 on all supplement reports, Form 67-101, for the reporting period. *Enter "0" if no sales of wine were made during the reporting period.*

ITEM 9 - Enter the grand total of the amounts of sales of beer and malt liquor shown in Item 4 of this report and in Item 9 on all supplement reports, Form 67-101, for the reporting period. *Enter "0" if no sales of beer and malt liquor were made during the reporting period.*


ITEM 10 - Enter the grand total of the amounts of cover charges shown in Item 5 of this report and in Item 10 on all supplement reports, Form 67-101, for the reporting period. *Enter "0" if no taxable cover charges were collected during the reporting period.*

If you are filing your return or paying the tax due AFTER the due date, enter penalty and interest.

ITEM 13 - PENALTY: If 1-30 days late, enter 5% of Item 12. If more than 30 days late, enter 10% of Item 12.

ITEM 14 - INTEREST: If any tax due is unpaid 61 days after the due date, enter interest on the amount in Item 12 calculated at the rate published on Pub. 98-304, online at <<http://www.window.state.tx.us>>, or toll free at 1-877-44RATE4.

Exhibit 6 – Texas Mixed Beverage Gross Receipts Tax Report, Outlet Supplement (Form #67-101)


 Computer
 of Public
 Accounts
 FORM 67-101
 (Rev. 10-98/3)

b.

TEXAS MIXED BEVERAGE GROSS RECEIPTS TAX REPORT - BUSINESS LOCATION SUPPLEMENT -

Page of

a. T Code ■ 73100

- DO NOT WRITE IN SHADED AREAS

c. Taxpayer number <input type="checkbox"/>	d. Filing period <input type="checkbox"/>	f. Due date <input type="checkbox"/>
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If any location is out of business, or has changed trade name or address, give the correct information by the preprinted information for that location.

g. Taxpayer name

Permit number:	Business location name: Address:	Location number: ■
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1. Dollar amount (retail selling price) of complimentary drinks for this location 1. ■ _____ .00 <i>REPORT WHOLE DOLLARS ONLY</i>	
2. Gross sales of liquor for this location	2. ■ _____ .00
3. Gross sales of wine for this location	3. ■ _____ .00
4. Gross sales of beer and malt liquor for this location	4. ■ _____ .00
5. Gross cover charges (subject to gross receipts tax) for this location	5. ■ _____ .00
6. Total gross taxable amount for this location (Total of Items 2, 3, 4, and 5).....	6. ■ _____ .00

Permit number:	Business location name: Address:	Location number: ■
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1. Dollar amount (retail selling price) of complimentary drinks for this location 1. ■ _____ .00 <i>REPORT WHOLE DOLLARS ONLY</i>	
2. Gross sales of liquor for this location	2. ■ _____ .00
3. Gross sales of wine for this location	3. ■ _____ .00
4. Gross sales of beer and malt liquor for this location	4. ■ _____ .00
5. Gross cover charges (subject to gross receipts tax) for this location	5. ■ _____ .00
6. Total gross taxable amount for this location (Total of Items 2, 3, 4, and 5).....	6. ■ _____ .00

Permit number:	Business location name: Address:	Location number: ■
----------------	-------------------------------------	--------------------

1. Dollar amount (retail selling price) of complimentary drinks for this location 1. ■ _____ .00 <i>REPORT WHOLE DOLLARS ONLY</i>	
2. Gross sales of liquor for this location	2. ■ _____ .00
3. Gross sales of wine for this location	3. ■ _____ .00
4. Gross sales of beer and malt liquor for this location	4. ■ _____ .00
5. Gross cover charges (subject to gross receipts tax) for this location	5. ■ _____ .00
6. Total gross taxable amount for this location (Total of Items 2, 3, 4, and 5).....	6. ■ _____ .00

TOTALS FOR THIS PAGE	Total of Item 2 for all locations on this page 7.	Total of Item 3 for all locations on this page 8.	Total of Item 4 for all locations on this page 9.	Total of Item 5 for all locations on this page 10.
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For Items 7, 8, 9, and 10, combine the totals on all business location supplement pages and enter the grand totals

Internal Control Recommendations

Control Environment

Ideally, a control environment should provide assurance that:

1. employee responsibilities are clearly defined and written down in an employee policy and procedures manual.
2. employees are aware of, and maintain a positive attitude toward, controls.
3. employees are trained using the employee policy and procedures manual.
4. employees are monitored to verify that the training and documented policies are performed correctly and according to policy.

If weaknesses exist in the control environment, the weaknesses should be recognized by management through an adequate monitoring process and action taken to correct them.

Records

For good control, a small business should have at least a general ledger, a cash receipts journal, a cash disbursements journal, a payroll journal and an inventory-control system. Some sort of financial statement or report should be done on a periodic basis and the owner should make comparisons of this statement with a budgetary report. A small permittee may combine the functions of the various journals into one or two ledgers. In that case, the taxpayer should make sure that all of the functions of the journals listed above are satisfactorily performed in the smaller system. If any of the information is not available or not assembled, the owner or manager may not have enough control over the operation.

Definitions

A **transaction** is an external event involving the transfer or exchange of something of value between two or more entities.

A **ledger** is the book or computer printouts containing the accounts. It usually has a separate page for each account.

A **general ledger** is a collection of all the asset, liability, owner's equity, revenue, and expense accounts.

A **journal** is the book or original entry where the essential facts and figures in connection with all transactions and selected other events are recorded initially. Some journals are not books at all but files of papers preserved in an orderly manner in a filing or binding device. For example, copies of sales invoices bound or filed in a logical sequence will serve as a sales journal. However, all transactions are ultimately posted to ledger accounts and transferred to the general ledger.

A **cash receipts journal** receives entries for all cash received by the business.

A **cash disbursements journal or check register** reflects the entries for all cash paid. Other journals may include a sales journal with entries for all sales of merchandise on account, and a purchases journal (voucher register) with entries for all purchases of merchandise on account. The permittee may wish to consult with an accountant or another person having accounting experience in setting up the books for the operation. Management should also have written organizational procedures and written guidelines concerning the physical safeguarding of critical accounting records.

Accounting System and Related Control Procedures

The accounting system is the way the taxpayer records business transactions, and the records used to record and report the transactions. The control procedures are those policies and procedures, in addition to the control environment and accounting system, that management has established to provide reasonable assurance that specific purposes will be achieved. Generally, control procedures are integrated into the accounting system.

In each cycle, the taxpayer should attempt to maintain the ideal separation of duties as described. The “separation of duties” principle, simply put, means the personnel should not have too much control over too many areas or have access to too much information. Too much means enough to falsify records or steal without being caught early. The taxpayer should attempt to break up responsibilities, duties and authority into areas in a way that allows undetectable losses or embezzlement only through collusion. However, in a small business the separation of duties is often impractical or impossible because of the size, resources, and characteristics of the business. The taxpayer should decide if other controls exist that compensate for the lack of separation of duties, such as the quality and closeness of monitoring by management.

Sales

The following rules serve as general guidelines in appraising sales procedures.

1. Do not permit any one employee to handle a transaction from beginning to end.
2. Separate cash handling from record keeping.
3. Centralize receiving of cash as much as possible.
4. Locate cash registers so customers can observe amounts recorded.
5. Record (ring up) all cash receipts immediately.
6. Separate order taking from order preparation (use bartenders and waitpersons).
7. Executed service checks should be reviewed by management or owner for sequence, form, and compliance with established policies. All used service checks should be deposited at the shift end. First and last service checks are recorded by number for ticket control. Any missing service checks should be investigated by management. Only the manager or owner should handle service check sets.
8. The owner or manager should perform a comparison between the executed service checks, daily sales amounts, and possibly, inventory depletion amounts.

Cash Register Procedures and Controls

Cash register controls are an important part of controlling cash. Cash sales are characteristic of the alcoholic beverage industry. Cash is easy to lose and misappropriate. Management should be concerned with regular and systematic duty routines, separation of duties between handlers of the alcoholic beverages and handlers of cash, limited access to cash, and close supervision. The ongoing control over cash and the recording of sales is very important. The basic steps to good cash register controls are as follows.

1. Only one employee (and management) should have access to the cash register during the shift.
2. Cash register readings should be taken after every shift.
3. The cashier should start the shift with a predetermined amount in the drawer (bank).
4. The drawer should be reconciled with cash register readings after every shift.
5. Large amounts of collected sales should be removed by the manager during the shift and held in a secure change fund until shift reconciliation.

6. The function of preparing the drink should be kept separate from the handling of cash.
7. Management should be aware of the status of the cash register at all times, including reviewing shift reconciliations and monitoring access to the cash register.

The taxpayer should take advantage of the cash register system if it offers sequentially numbered transactions, grand totals, and Z totals (final daily totals). These features may be used with inventory controls in determining if all sales have been recorded.

Cash Receipts Controls

The internal controls over cash receipts should assure the taxpayer that all cash was received, promptly deposited, and properly recorded. Procedures for cash receipts received from drink sales generally include the following:

1. receiving and depositing cash intact in the bank daily;
2. comparing cash received with the service checks and/or cash register readings;
3. authorization of discounts, promotions, and complimentary drinks;
4. documentation of discounts, promotions, and complimentary drinks; and
5. posting the cash receipts.

The main control feature to be stressed is that access to cash receipts should be severely restricted and the cash receipts reconciled and deposited on a daily basis. A cash receipts journal should be used to record sales after they are reconciled and deposited. Management should reconcile the general ledger, the cash receipts journal, cash register tapes and bank deposits on a regular basis.

Bank Deposit Controls

Since cash and checks are easily transferred, the primary control objectives in the cash receipts stage are complete recording and safeguarding of all receipts. Several controls should be in place for bank deposits.

1. The owner or manager should compare the daily deposit total and the daily sales total (totaled service checks or cash register readings).
2. Items not suitable for immediate deposit (for example, checks with errors, Diners Club credit card receipts) should be separately listed and the two lists reconciled with daily sales totals.
3. There should be a separation of duties between the person who records the cash receipts journal and prepares the bank deposit, and the person who records the general ledger and performs bank reconciliations.
4. The cash receipts should be deposited daily and intact.

Cash Disbursements

The internal controls over cash disbursements (payment of debt usually by check) should assure the taxpayer that:

1. payments are made only upon proper authorization from management for valid business purposes;
2. no unauthorized payments are made;
3. accurate records are made of each payment; and
4. unclaimed checks are adequately identified, controlled, and ultimately voided.

Taxpayers may use the following basic procedures to control cash disbursement.

1. Require validated requests for payment and cancelled supplier invoices to prevent duplicate processing and unauthorized payments.
2. Separate purchasing, receiving, check preparation, and check signing duties.
3. Require the check signer to have evidence that payments are authorized.
4. Require that signed checks be mailed only by the check signer.
5. Safeguard unissued checks and mutilate or otherwise control voided checks.
6. Total the cash disbursements journal (detailed lists of disbursements by check) at regular intervals and compare the totals with credits to the cash account in the general ledger.
7. Prenumber checks sequentially and account for all numbers.
8. Write checks to the order of the specific party being paid; never make checks payable to "Cash" or "Bearer."
9. Do not allow checks to be signed or countersigned in advance.

Managerial controls are also required to ensure that all debts are paid in time to promote good relations with the Comptroller and suppliers, and to maintain the permittee's good credit rating. The taxpayer may wish to review the supplier invoices to confirm that the debts of the company are paid on time.

Bank and cash fund reconciliations should be performed by employees who are not responsible for the issuance of checks or handling of cash. If this separation is impractical, the reconciliation and check issuances should be reviewed by the owner. The internal controls over cash balances should provide assurance that cash on hand and in the bank is accurately stated and subject to appropriate safeguards.

Purchasing Cycle

The internal controls over purchasing procedures should assure the taxpayer that:

1. purchases are made only on the basis of appropriate authorization;
2. purchases are recorded as a basis for determining that transactions are authorized and correct;
3. purchasing, receiving, and accounting activities are separate duties supporting a strong internal control structure (where such complete separation is impractical, the taxpayer sets policies which may make up for the lack of separation of duties);
4. the training, ability, and authority of the person initiating and performing the purchases is established (the cost of inefficient purchasing generally results in increased operating costs); and
5. a purchase order is used that authorizes a supplier to deliver alcoholic beverages on specific terms, and documents that the order took place. The purchase order should be complete regarding time and method of delivery, brands of alcoholic beverages, quantity, and price. The purchase order should authorize the receiving personnel to accept the goods described.

Use the following procedures to control purchase orders.

1. Pre-number purchase orders and account for all numbers.
2. Review purchase orders for required authorization before sending to, or calling, suppliers.
3. Review purchase orders for errors.
4. Separate purchasing, accounting, and receiving duties.

Receiving

Most operations need written evidence that ordered goods shipped by vendors were received. Procedures developed to obtain such evidence, are as follows.

1. The person authorized to receive alcoholic beverages inspects the merchandise as it is being delivered to the premises and before it is commingled with existing inventory in the storeroom or bar area.
2. Quantities are verified by counting and comparing these quantities with the purchase order and supplier invoice.
3. The receiver determines the quality of goods to the extent possible, including any shipping damage.
4. Receipt and acceptance of shipments is reported to someone in authority (management or the owner).

In the case of a large operation, the receipt should be reported to someone in accounting or purchasing, usually by forwarding the receiving invoice with any variation in quantity, price, or brand clearly marked. The invoice should have the receiver's signature showing that the alcoholic beverages were inspected and approved by an authorized person.

In the case of a small business, the permittee may not be able to separate the functions of receiving, purchasing, and accounting. In such cases, the taxpayer should establish other compensating managerial controls.

5. Management implements policies for handling shipping damage, old or obsolete alcoholic beverages, and returns to suppliers.

Inventory Cycle

Inventory control constitutes one of the most significant and difficult areas in auditing and business management. Difficulties arise in inventory accounting, and management is concerned with attaining maximum drink sales while minimizing costs, investment, and risk. The internal controls over alcoholic beverage inventory assure the taxpayer that all inventory is properly safeguarded and recorded. Generally, those who handle the physical inventories should not perform any sales or accounting activities, or maintain perpetual inventory records. Where such complete separation of duties is impractical, there should be alternative procedures to ensure that discrepancies come to management's attention. Inventory amounts should be reconciled to sales amounts, and physical inventory counts should be taken at least monthly and reconciled to any inventory records. Any discrepancies should be investigated by management.

Inventory Loss

Major inventory control problems occur in the bar area. The causes and remedies for inventory loss in the bar area are as follows.

1. Theft by employees may be controlled by not allowing employees to carry large bags into and out of the premises.
2. Theft by customers may be controlled by a proper bar layout and an observant staff.
3. Breakage, errors, and returns should be properly documented. Adequate training, clear drink recipes, and employee sobriety may reduce inventory loss in these areas.
4. Over-pouring by the bartender may result in a loss of inventory (the taxpayer should train and monitor the bartender on pouring amounts and drink recipes).
5. Unauthorized complimentary drinks may be controlled by documentation of drink orders, proper monitoring, and adequate supervision.

Employee Theft of Sales Through Inventory Tampering

Employees may create more revenue by extending inventory through various methods, such as:

1. pouring short portions;
2. switching stock by bringing in personal merchandise to sell in place of the taxpayer's inventory;
3. refilling call brand bottles with cheaper stock;
4. substituting higher cost, call, or premium labels with low cost brands;
5. stretching or doctoring the inventory by adding other fluids into bar stocks; and
6. reporting fake errors, breakage, or spillage.

Taxpayers may use the following procedures to decrease loss from these thefts.

1. Do not allow employees to carry large bags or packages into or out of the premises.
2. Make all personnel aware of internal control and security measures.
3. Seal all bottles with a one-way stop that cannot be added to without breaking the seal.
4. Keep all empty bottles so they can be used to reconcile inventory and sales records.
5. Lay out the bar to encourage customer observation (e.g., in a manner that requires the bartender to pour drinks in front of the customers).
6. Require that all stocking of par stock bars be done by the inventory and control person or manager.
7. Require that the bar be set up in a certain order for easier supervision.

The taxpayer should also:

1. establish a number of services-per-container and average-pour-per-drink policy and include the information in an employee policy and procedure manual;
2. make sure that employees are trained and know they are expected to follow the written policy; and
3. ensure that management monitors the policy.

Taxpayers can monitor adherence to average-pour-per-drink and services-per-container policy in a variety of ways, including:

1. management observation of the bartender to see that the correct amount is poured on a regular basis;
2. verification of the number of services per bottle by counting the inventory at the beginning and end of one business day without the bartender's knowledge and comparison of the amount of alcohol used with the number of drinks sold;
3. bartender use of a metric system or a shot glass instead of a free pour when preparing drinks;
4. use of a private investigative firm that offers an outside bar monitoring service (give the investigator a specific list of items for observation and reporting purposes).

Payroll

To establish basic payroll control procedures, the taxpayer can:

1. require that management control authorized employment by using and accounting for prenumbered forms for new hires and terminations, and by reviewing recorded payroll personnel data changes;

2. require that evidence of performance of services (including overtime) be produced in the form of time reports which are reviewed and approved by supervisors;
3. compare payroll costs with any existing budgets;
4. ensure that payroll is approved by a responsible individual;
5. require payment of wages by check, and preferably from a separate payroll bank account;
6. require approval of payroll checks, including a comparison of the total of all payroll checks with the total shown on the payroll summary;
7. require that the separation of payroll duties be the same as the separation of duties related to other cash payments;
8. ensure that unclaimed wages are listed immediately, kept in a secure place, investigated to determine the existence of the employees, and returned to the cash balance if not claimed in a short time.

As with the other transaction cycles, separation of duties in a small business may not be practical. Where complete separation is impractical, the taxpayer should assess the existence of controls to compensate for the lack of separation of duties.