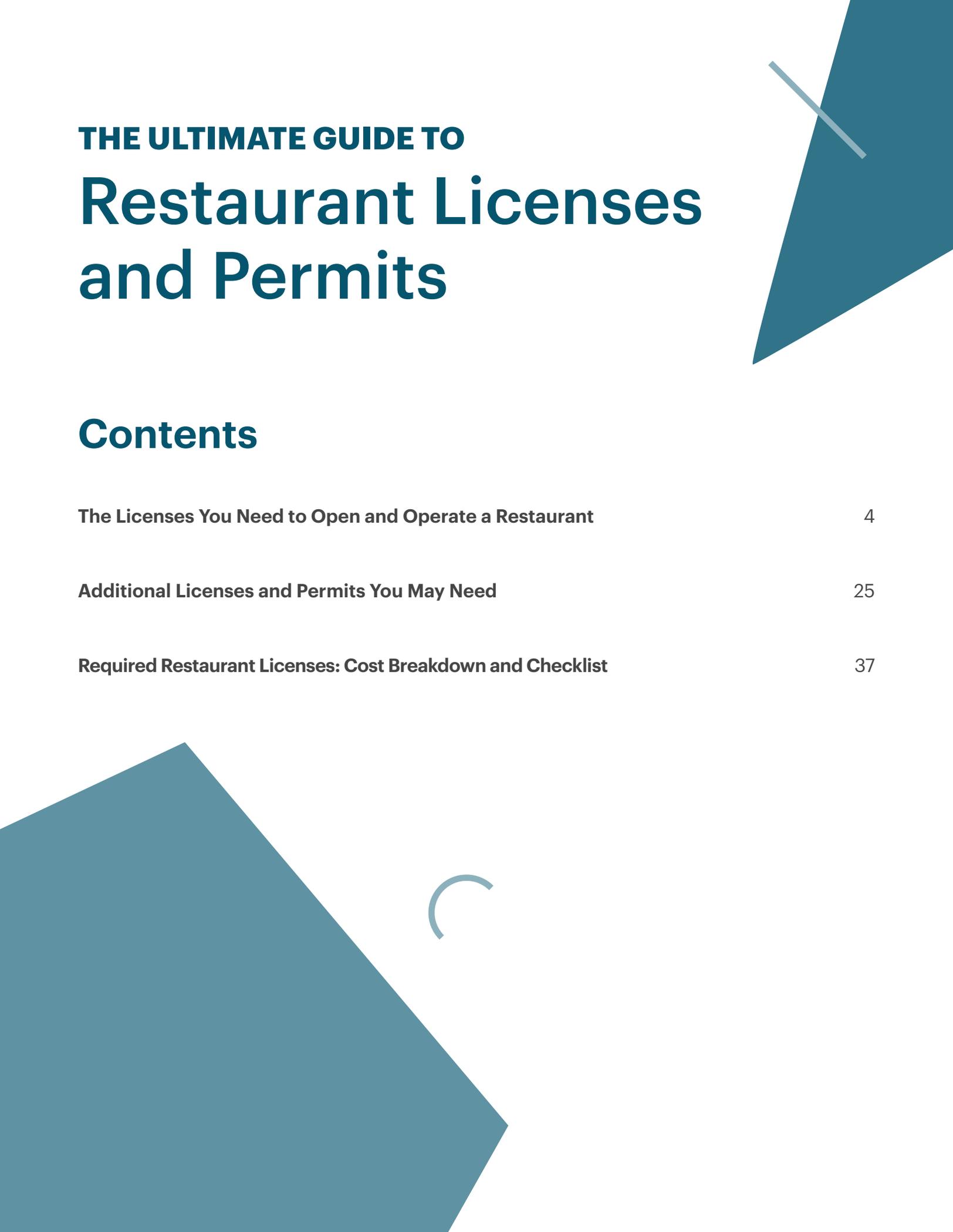




THE ULTIMATE GUIDE TO Restaurant Licenses and Permits



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Like most restaurateurs, you probably got into this business to avoid navigating mountains of paperwork and frustrating bureaucracy – we doubt you expected to be filling out forms to put a dumpster outside of your kitchen.

While it's no one's favorite job, obtaining the necessary licenses and permits is an essential part of running a restaurant. Whether it's something as important as proper food storage or as simple as putting a few chairs on the sidewalk, it's important to get things right the first time around.

That's where this guide comes in. Whether you're opening up a brand new restaurant or you've been in the game for a while now, we'll cover everything you need to know about restaurant licenses and permits, including:

- 10 essential licenses you need to open and operate a restaurant
- Additional licenses and permits you may need
- How to get each license and how much it will cost you
- How to avoid losing your licenses and other important tips



The Licenses You Need to Open and Operate a Restaurant

While few restaurants require a valet parking license, there are some essential licenses and permits that just about every restaurant needs.

1 Business License

What is a business license?

Before you've even flushed out your restaurant business plan, you'll need to obtain a business license.

A business license is necessary to open or operate any business in the U.S. This essential document legitimizes your business and gives you the authority to legally operate in a specific state, city, or county. The tricky part is, the process and cost of obtaining a business license varies based on where your restaurant is located.

How do you get a business license?

Your business license must come from the city in which your restaurant is located, meaning you'll first need your restaurant address. Once you have the address of your restaurant, you can check out the [US Small Business Administration \(SBA\)](#) to find the city or state-specific rules for obtaining your business license.

After narrowing things down to your specific state, you'll need to find out your business code in order to get your business license. Different types of businesses have specific codes and each city has its own requirements. You can often find this information by consulting your state or local government agency that grants business licenses.

Once you have your business code, you can complete the application for your business license. This may require additional information such as:

- Type of business
- Business address
- Name of business owner(s)
- Contact information
- Federal ID number
- Number of employees

Keep in mind that you'll also need to renew your business license annually.

How much does a business license cost?

Obtaining a business license usually comes with a \$50 registration fee. There is also a filing fee that can range from \$25 to \$500, depending on the expected profit of your restaurant.



2 Employer Identification Number (EIN)

What is an EIN?

Just like a business license, an Employee Identification Number (EIN) is also required to operate a business in the U.S. Your EIN is essentially a tax ID number that's assigned by the IRS.

How do you get an EIN?

Fortunately, applying for an EIN is actually pretty straightforward. To obtain your EIN through the IRS, you can [apply online](#), by phone, by fax, or through the mail.

if your restaurant is located in the U.S. or a U.S. territory, you can apply online and complete your application in just three steps:

Step 1: Determine Your Eligibility

The individual applying must also have a valid Taxpayer Identification Number (SSN, ITIN, EIN).

Step 2: Complete an Online Application

Before you begin the application keep in mind that you must complete it in **one session** – there's no option to save and return to it later. The session will also expire after 15 minutes of inactivity so make sure you're prepared.

Step 3: Submit Your Application

After submitting your application, you will receive your EIN immediately. From there, you can download, save, and print your EIN confirmation. Just remember to keep that document in a safe place for tax purposes!

How much does an EIN cost?

You'll probably be happy to hear that applying for an EIN is free! However, don't count on it being quick – the IRS issues just [one EIN per day](#).

How Do I Find My Restaurant's EIN?

If you already have an EIN, but misplaced the number, you have a few options:

- Look for the original notice issued by the IRS when you received your EIN (they mail one)
- Call the IRS Business & Specialty Tax Line at 800-829-4933
- Find an old tax return (your EIN should be on it)



3 Food Service License

What is a food service license?

A food service license is required by any business that serves food, meaning it's absolutely essential for your restaurant. Your food service license is generally issued by your city or county health department and ensures you are meeting all the required food preparation, food storage, and food safety regulations.

How do you get a food service license?

Luckily, getting a food service license is pretty straightforward compared to some other licenses.

You can obtain your food service license online or in person through your local health department. When filling out the application, you'll need to provide basic information such as the name of your restaurant, the address of the restaurant (or permanent kitchen if you operate a food truck), and the owner's personal information.

After submitting your application, the health department will send an inspector to your restaurant for an in-person visit. The inspector will check to make sure you are in compliance with all of the restaurant Food Safety Regulations, which [vary by state](#).

After your food service license has been approved, your local health department will continue sending inspectors to your restaurant for regular visits. It's important to make sure you're always in compliance with Food Safety Regulations, otherwise you could risk failing an inspection and losing your food service license.

How much does a food service license cost?

Food service license fees can range from \$100 to \$1,000. These fees vary based on the classification and size (meaning the number of seats or units) of the restaurant, as well as the location. Fees may also depend on the number of employees.

Food Service License Renewal

Depending on where your restaurant is located, your food service license may expire automatically, so keep renewal dates in mind.

New application forms must also be filled out for other changes to your restaurant, including:

- New establishments
- New ownership
- Change in the location of the establishment
- Change of license type



4 Liquor License

What is a liquor license?

Unfortunately, your food service license only covers non-alcoholic drinks. If you intend to serve alcohol, you definitely need a liquor license.

A liquor license is a permit to sell alcoholic beverages. However, alcohol laws vary from state to state, which means you may need a different type of liquor license depending on where your restaurant is located and what you're serving.

In most states, on-license liquor licenses fall into the following categories:

Restaurant License

This license does not limit what type of alcohol you sell, but it does limit what percent of a restaurant's earnings can come from alcohol (usually in the region of 40%).

Beer and Wine License

This license only covers beer and wine. This is the license you need if you don't intend to serve hard liquor.

Tavern License

If you sell more alcohol than food, this is the license you'll need.

How do you get a liquor license?

To obtain your liquor license, you'll need to start with your state's [Alcohol Beverage Control \(ABC\)](#) Board, which is the agency in charge of regulating the sale of alcohol. As part of the application, you may need to provide the following information:

- Personal information
- Additional restaurant licenses and permits
- Certificate of incorporation
- EINs
- A partnership agreement
- A proposed food menu
- Your company constitution
- A copy of the certificate of title for the premises

It's important to start this process as early as possible because it can take months to complete a liquor license application and have it approved. And once you have your license, keep in mind that you will need to renew it annually.

How do you get a liquor license?

The cost of a liquor license can vary dramatically by state. Full liquor licenses can range from \$12,000 to \$400,000, while beer and wine licenses can be as low as \$3,000.

Losing Your Liquor License (What NOT To Do)

Your liquor license is often essential to a restaurant's success and even one day without it can put a major dent in your profits. Here are nine ways you could (easily) lose your liquor license:

1. SERVING MINORS

The legal drinking age in the U.S. is 21 years old. Not properly checking IDs can result in a lost liquor license. In fact, serving underage customers is the most common reason that a liquor license is revoked.

2. OVERSERVING

Continuing to serve someone who is visibly inebriated can have serious consequences. If their intoxication leads to an accident, injury, or death, then your bar, bartender, and even you personally could be held liable and forced to pay damages.

3. DISORDERLY CONDUCT

Unlawful gambling, violence, public drunkenness, and disturbing the peace are all reasons for your liquor license to be reviewed and revoked.

4. SELLING AT UNAUTHORIZED TIMES

Your liquor license is likely linked to specific sales times. If you're pouring drinks outside this time, you could have your license removed.

5. DRINKING IN UNLICENSED AREAS

Washrooms, food preparation areas, storage areas, stairs, hallways, and outside areas are all places that serving or consuming alcohol may be prohibited in your establishment. It's your job to make sure that guests aren't entering these areas with drinks in hand.

7. UNTRAINED SERVICE STAFF

Most states require all staff who will be serving alcohol to complete a certification program. If your staff are caught serving liquor without completing the state-required training, you could lose your license.

8. NOT KEEPING PROPER DOCUMENTATION

You risk losing your license if you do not keep proper records documenting where and when your alcohol was procured before serving.

9. FELONY CONVICTIONS

If the owner of the alcohol permit is convicted of a felony, they will lose their liquor license.



5 Food Handlers Permit (Employee Health Permit)

What is a food handlers permit?

Sometimes referred to as an employee health permit, your food handler's permit is legally necessary for compliance with restaurant labor laws. A food handlers permit ensures that your employees have completed the necessary food safety certification. In every state, employees are required to complete a state-approved food handler's course that covers topics like proper food storage and handling, sanitation, and how to avoid the spread of food-borne illnesses. Employees are also required to purchase a food handler's permit.



How do you get a food handlers permit?

Generally, obtaining a food handler's permit is pretty straightforward and involves four steps:

Step 1: Learn Your State Requirements for Food Handlers

Food handler permits and training vary from one state to the next so start with your state's Department of Health to find out the state-required certifications and courses. [ServSafe](#) can also be a great resource to find out the specific requirements.

Step 2: Complete Training and Pass Exam

Once you know the requirements, all staff must complete the training and pass the exam.

Step 3: Print Food Handler Certificate

Your employee's food handler's certificate is valid immediately once they have passed their exam. In most cases, the printed certificate is temporary and an official certificate will be mailed by your health department.

Step 4: Renewal

Your food handler's permit does expire (though expirations can vary by state) and will need to be renewed.

How much does a food handlers permit cost?

The cost of a food handler's permit varies from state to state and costs can range from \$100 to \$500.

Hot Tip!

To be on the safe side, always keep food handler permits on-premise at your restaurant. Check with your local health department to see if these health permits also need to be posted.

6 Certificate of Occupancy

What is a certificate of occupancy?

Issued by your local government agency or building department, a certificate of occupancy shows that your building is safe for employees and customers. It confirms three main things:

1. What the structure is used for – in your case, a restaurant
2. That the structure is suitable for occupancy
3. That the structure is in compliance with all building codes and other laws

You will need a certificate of occupancy if:

- Your building is a new construction
- If the property is changing from one use to another (i.e. from residential to commercial)
- If there is a change in ownership of the property
- In some cases, if there is a major construction that changes the property

How do you get a certificate of occupancy?

Certificates of occupancy are issued by your local building or zoning department after your commercial space has passed its final building inspection. Keep in mind that the request must be made before any work is done. And it's not until the property has passed all inspections that the certificate of occupancy will be issued. This may include:

- Electrical inspections
- Plumbing inspections
- Fire safety inspections
- General building inspections

How much does a certificate of occupancy cost?

Though costs vary based on where you're located, a certificate of occupancy will generally run you about \$100.



7 Building Health Permit

What is a building health permit?

Some states require you to obtain a building health permit. Issued by your city or county health department, this permit certifies that your location is sanitary and complies with proper food management practices.

How do you get a building health permit?

If your state does require you to have a building health permit, it can be obtained from your city or county health department when you apply for your business license.

Similar to your food service license, the process of obtaining a building health permit requires you to undergo a series of inspections. After obtaining your permit, your restaurant will be subject to periodic inspections to ensure your venue remains safe and sanitary.

How much does a building health permit cost?

Depending on where your restaurant is located, the cost of a building health permit can range from \$50 to \$1,000.

8 Resale Permit

What is a resale permit?

A resale permit allows your restaurant to make non-taxable purchases if the purchases will be used in the manufacture of products for resale. For instance, if you purchase wholesale food that's being used to create and sell meals. The resale permit prevents the double collection of sales taxes, meaning that instead of collecting sales tax on the product when you first buy it, tax is only collected when the final customer buys it. In other words, restaurants need a resale permit from the state so it's clear the sale is not taxable.

How do you get a resale permit?

Whether or not you need a resale permit depends on your location and your annual sales. To find out whether you need one, search for the resale numbers in your state and find the specific office for applications. In most cases, you should have the option of applying online or in person.

How much does a resale permit cost?

The cost of a resale permit varies based on where your restaurant is located. The cost generally varies from free to \$50.

9 Seller's Permit (Sales Tax Permit)

What is a seller's permit?

Along with a resale permit, most businesses in the food and beverage industry need a seller's permit. Also known as a sales tax permit in some states, a seller's permit allows the state to identify your business as a collector of sales tax.

How do you get a seller's permit?

You can obtain a seller's permit online or by visiting your local government website, keeping in mind that some states do not require a seller's permit.

If your state does require a seller's permit, you may need the following to file your application:

- Business Tax ID Numbers (EIN)
- [NAICS Code](#)
- General information about your business

You should also be prepared to answer the following questions as part of the application process:

- Your restaurant name and any previous business entity if you bought the restaurant from someone else
- If your restaurant is seasonal, the calendar quarters your business operates
- The starting date for collecting sales tax in your state
- The types of products or services to be sold (NAICS codes)
- The amount of sales tax you estimate to collection
- If you have more than one location, whether you'll be filing consolidated returns

How much does a seller's permit cost?

Some states charge a fee for a seller's permit, while others do not. However, even if the process is free, you may need to leave a security deposit in case your restaurant closes and you have unpaid taxes.



10 Sign Permit

What is a sign permit?

A sign permit is issued by your local government and gives you permission to display a sign for your restaurant. Keep in mind that a sign can be any name, identification, description, display, illustration, or character that draws attention to your business.

Sign permits may be required for any of the following:

- Permanent restaurant signs
- Awning signs
- Wall signs
- Ground and tract signs
- Signs in multi-tenant buildings or malls
- Internally illuminated signs
- Special event signs

In addition to the type of signage, sign permits can cover everything from the size and placement of the sign, to how it's lit. Some sign permits also place restrictions on who can install the sign (i.e. a licensed contractor).



How do you get a sign permit?

Sign permits are issued and approved by your local government. Depending on where you're located, you may be able to complete the entire process online. In some cases, you may have to submit the following along with your sign permit application:

- Zoning certification
- Consent from your landlord or property owner
- Sketches of the proposed signs and structural calculations
- Your business license and permits

If you're [renting or leasing](#) a space, you may also want to get written approval from your landlord in addition to your sign permit.

How much does a sign permit cost?

The cost of a sign permit will vary depending on where your restaurant is located, as well as the size and placement of your sign. These fees can range from less than \$100 to several hundred.



Additional Licenses and Permits You May Need

Once you've obtained the necessary licenses to open up your restaurant, you might think you're done with paperwork for good. Not so fast. Though they may not be as essential as a liquor license, there are a number of additional licenses and permits that you may need to run a successful business.

1 Music License

What is a music license?

If you intend to play music of any kind – whether it’s from a CD, radio, streaming service, or even a karaoke machine – you need to have a music licence for your restaurant. Under law, a music license is required to comply with copyright statutes.

Music licenses are issued by Performing Rights Organizations (PROs), which act as intermediaries between restaurants and songwriters. PROs are tasked with protecting intellectual property and making music licensing more cost-effective and convenient.

Are there exceptions for music licenses?

There are a few cases where a music license is not required. For instance, if your restaurant is smaller than 3,750 square feet and plays music from sources such as the radio or TV, you are exempt from these licensing fees.

You’ll need to consult [Federal copyright law, Section 110 \(5\)\(B\)](#) to find out if your restaurant meets the qualifications for exemption.

How do you get a music license?

If you do need to obtain a PPL, you can do so directly from the four major PROs: [ASCAP](#) (American Society of Composers, Authors and Publishers), [BMI](#) (Broadcast Music International), [SOCAN](#) (Society of Composers, Authors and Music Publishers of Canada), and [SESAC](#) (Society of European Stage Authors and Composers).

When you pay a fee to these PROs, your restaurant receives a blanket license that grants permission to use all the music that each organization represents.

Beware!

Playing music without a license can end up being more expensive in the long run. If you're caught, federal penalties for using music without permission can result in fines of up to \$30,000!

While you may think that you can pay just one PRO, it's not usually that simple. If you end up playing music represented by a PRO that you do not have a license from, you could be held liable for copyright infringement. Therefore, you may need to pay a licensing fee for more than one PRO, depending on the music you're playing in your restaurant. Each PRO has an online database so you can see which artists are represented by them.

Beyond working directly with each of the major PROs, you can opt for a streaming service like Pandora for Business, which includes PRO music licensing for background music. However, keep in mind that you will need a special business plan from these streaming services – your personal Spotify subscription won't cut it!

To be on the safe side, you should **always check with an attorney** before you press play. And if you are contacted by a PRO about a music license, don't ignore it! Consult a lawyer to determine your next steps.

How much does a music license cost?

The cost of acquiring a music license depends on a number of factors, including the size and capacity of your restaurant.

The cost also depends on whether you choose to work directly with PROs or go with a subscription service. Working with all PROs can cost in excess of \$2,000 per year, while streaming service packages often cost between \$25 to \$35 per month.



2 Live Entertainment License

What is a live entertainment license?

You may need additional licenses for live music at your restaurant even if you already have a music license.

Some restaurateurs mistakenly assume that it's the musician performing who must obtain a license. In reality, it's the business owner who needs to have a music license to cover any copyrighted music (like covers being played by a cover band) and a live entertainment license to host performances. And it's not just for concerts, this type of license also applies to dance shows, exhibitions, cabarets, and more.

How do you get a live entertainment license?

In most cases, a live entertainment license can be obtained from your city government. As part of the process, you may also need to check for additional safety and zoning permits.

How much does a live entertainment license cost?

The cost of a live entertainment license varies based on where your restaurant is located, as well as the specific type of license you need (ie. dance shows vs cabarets).

3 Sidewalk Cafe Permit

What is a sidewalk cafe permit?

During the warmer months, you may want to set up a few tables and chairs outside your restaurant. If that dining space spills over onto a city-owned public sidewalk or other areas of the public right of way, you may need a sidewalk cafe permit. This permit allows you to have an outdoor seating area on the sidewalk where food or drinks can be served to the public.

How do you get a sidewalk cafe permit?

To apply for a sidewalk cafe permit, you generally have to contact your local government. Keep in mind that some cities have different names for this type of permit.

Many cities also have strict rules and regulations for sidewalk patios, meaning you may need to provide the following during your application

- A building permit
- Copies of a professionally drawn site plan showing all dimensions of the proposed sidewalk café
- Mechanical specifications if you plan to have an awning
- Proof of insurance
- Plans for accommodating fire hydrants, passageways for pedestrian traffic, removable fencing/railings, and more

Keep in mind that some cities also offer different types of Sidewalk Cafe permits based on the time of year. For instance, your permit may only cover the summer months.

How much does a sidewalk cafe permit cost?

The costs of a sidewalk cafe permit varies by city, as well as other factors such as the location of the dining area, the occupancy load, pedestrian access, and more. For instance, some cities offer different permits for a curbside seating area versus a parklet cafe located on the parking lane of a street.



4 Valet Parking Permit

What is a valet parking permit?

In some states, a valet parking permit is needed in order to offer valet parking. This kind of permit allows your restaurant to have attendants park and retrieve patrons' vehicles for them.

How do you get a valet parking permit?

To obtain a valet parking permit you'll need to apply through your city government. And make sure you come prepared! As part of the application process, you may be required to provide:

- A letter of agreement with your preferred valet operator
- A detailed plan for your proposed pick-up and drop-off areas
- The number of parking spaces you require

Keep in mind that many cities also have specific rules and restrictions on the location of valet parking. For instance, you may be able to have valet parking in street cleaning areas, but not in a bus zone.

How much does a valet parking permit cost?

The costs of a valet parking permit varies by city. The cost may also vary based on if you need valet parking for a one time event or whether you plan to offer the service long-term.

5 Dumpster Placement Permit

What is a dumpster placement permit?

Though it may not be the most exciting paperwork you'll ever fill out, you may need a permit for your dumpster. This type of permit allows you to place a dumpster outside out your restaurant so you can dispose of waste. These permits often have specific stipulations on the size of the dumpster and where it's placed.

How do you get a dumpster placement permit?

For a dumpster placement permit, you'll likely have to contact your local government. In some cases, you can apply for a dumpster permit as part of a building permit application.

How much does a dumpster placement permit cost?

The cost of a dumpster permit varies based on the city in which your restaurant is located.

6 Pool Table License

What is a pool table license?

Certain states require you to obtain a pool table license before you offer a pool table to your customers. In some cases, this license can limit the amount of pool tables you have and the hours of operation for the pool tables.

How do you get a pool table license?

If a pool table license is required, you can apply through your local or state government. Your application will likely be considered based on the location of your restaurant, including the amount of pedestrian traffic and parking availability.

How much does a pool table license cost?

Though the cost of a pool table licence varies based on the city in which your restaurant is located, annual fees are usually between \$10 and \$15.



7 Food Truck Permit (Mobile Food Vending License)

What is a food truck permit?

If you operate a food truck, you generally have to obtain the same licenses as any other restaurant. However, there are some additional food truck permits that are specific to mobile vendors. These permits often have strict rules and regulations around hours of operation, where the food truck can be parked, and even how close the truck can be to other restaurants.

How do you get a food truck permit?

To obtain any food truck-related licenses and permits, you'll need to go through your local or state government. As part of the application process you might have to supply information about the food truck itself and your business, including:

- Your driver's license and driving record abstract
- Copies of the vehicle registration
- Proof of insurance
- Propane tank field approval and contractor inspection

Keep in mind that there can be year-long waitlists for this type of permit! Apply early.

How much does a food truck permit cost?

The cost of a food truck permit varies by city and ranges from a few hundred to thousands of dollars.



While you might think you have all your bases covered, keep in mind that you may need additional licenses depending on local and state regulations. Other common licenses to look for include:

- Zoning permits
- Land use permits
- Catering licenses
- Site cleanliness permits
- Fats, oil, and grease (F.O.G.) permits
- Alarm permits
- Police and fire department permits

We won't sugarcoat it – all these applications and paperwork are rarely fun. But if you put in the hours to obtain the proper licenses and permits, you'll save yourself from some pricey fines and penalties down the line.



Required Restaurant Licenses: Cost Breakdown and Checklist

We've pulled all of your license and permit costs into one place, making it easy for you to check off each one before your restaurant's opening day.

Required Restaurant Licenses: Cost Breakdown and Checklist

License/Permit	Estimated Cost	Complete
Business License	\$50 (registration fee) \$25–\$500 (filing fee)	
Employer Identification Number (EIN)	\$0	
Food Service License	\$100–\$1,000	
Liquor License	\$12,000–\$400,000 (full) \$3,000+ (beer and wine)	
Food Handlers Permit (Employee Health Permit)	\$100–\$500	
Certificate of Occupancy	\$100	
Building Health Permit	\$50 to \$1,000	
Resale Permit	\$0–\$50	
Seller's Permit (Sales Tax Permit)	Varies	
Sign Permit	\$100–\$500+	

*Make sure to check with your local and state laws to ensure you are complying with all license requirements.