

Business Tax Tip #24

Admissions and Amusement Tax at Recreational Facilities

If you operate a golf course, skating rink, or another kind of recreational or sports facility, you may be liable for a tax you might not be familiar with – the admissions and amusement tax. This tip explains how the tax applies to your business.

What is the admissions and amusement tax?

The local admissions and amusement tax is a locally imposed tax on the gross receipts (that is, all the money received without deduction for any expenses) from admissions to events like movies and concerts, the use of games of entertainment, the use of recreational sports facilities, the use or rental of recreational or sports equipment; and the sale of merchandise, refreshments, or service at a night club or similar place where entertainment is provided. Effective June 1, 2009, [electronic bingo and electronic tip jars](#) are subject to a state admissions and amusement tax of 30 percent, which is imposed on the net proceeds.

Who collects the tax?

The tax is collected by the State Comptroller's Office. The entire amount of the local tax collected, less administrative expenses, is returned to the municipalities and counties imposing the tax. The state tax on electronic bingo and electronic tip jars goes into the state's general fund.

What is considered a recreational or sports facility?

Any place offering team or individual sports activities is considered a recreational or sports facility. Examples include (but are not limited to) roller or ice skating rinks, tennis courts, sports fields, indoor volleyball and soccer facilities, paintball facilities, golf courses and firing ranges.

What activities there would be taxable?

Taxable activities include charges for birthday parties, league fees, daily usage fees and rentals of equipment and rentals of the entire facility.

What if I rent out sports equipment?

Equipment rentals are subject to both the sales tax and the admissions and amusement tax. But when they are subject to the sales tax, the admissions and amusement tax rate may not exceed 5 percent. For instance, the county admissions and amusement tax rate might be 8 percent, but only a 5 percent rate would apply to equipment, because the admissions and amusement tax rate and the 6 percent sales and use tax rate together cannot exceed 11 percent. Examples of rentals subject to both taxes include (but are not limited to) golf carts, golf clubs, roller skates, ice skates, bowling shoes, paintball guns and equipment.

Are they exemptions from the tax?

Yes. Charges for the use of bowling alleys and lanes are exempt, as are club memberships allowing unlimited usage of the facilities. Charges for ongoing classes by sports-related schools which are not league oriented and do not promote one time use are also exempt from the tax. Examples of the type of sports-related school are gymnastic, karate and dance schools.

Should I charge the tax on fees for lessons?

No. Charges for lessons or instructional fees are not subject to the tax. However, any charges for facility use related to lessons or instructional fees remain taxable.

How are league fees handled?

Fees charged for participation in a league are subject to the tax. Fees charged for administering the league and maintaining the facilities and referees are taxable. However, separately-stated charges for trophies, uniforms, other charges not specifically required for participation in leagues are not subject to the admissions and amusement tax.

What if a person or organization leases the entire facility from us?

Gross receipts from leasing sporting and recreational facilities are subject to the tax, unless the person or organization leasing the facilities from you will charge for the use of the same facilities. The lessor of the facilities must notify the Comptroller's Office of the proposed use before the lessee uses the facilities. Contact the Special Events Section, 301 W. Preston St.,

Baltimore, MD 21201-2383 or call 410-767-1540 in the Baltimore area or toll-free 1-800-638-2967 from elsewhere in Maryland.

What if an exempt organization uses my facilities?

Because the admissions and amusement tax is imposed on the person receiving the taxable receipts, you still need to pay the tax unless the exempt organization will also charge for the use of the same facilities, as discussed in the previous question.

Do I have to make a separate charge for the admissions and amusement tax?

No. Unlike the sales and use tax, the admissions and amusement tax need not be separately stated.

What is the tax rate?

The local admissions and amusement tax rate is imposed by Maryland's counties and municipalities at varying rates up to 10 percent. Electronic bingo and electronic tip jars are subject to the state admissions and amusement tax of 30 percent, which is imposed on the net proceeds. You can download a [current rate chart](#) or obtain one by calling the Taxpayer Service Section at 410-260-7980 in the Baltimore area or toll-free 1-800-638-2967 from elsewhere in Maryland.

How can I get an admissions and amusement tax account?

Tax due must be reported on an admissions and amusement tax return. To obtain an account, you may [register online](#) or contact the Taxpayer Service section at 410-260-7980 in the Baltimore area or toll-free 1-800-638-2967 from elsewhere in Maryland.