



Business Tax Tip #24

Admissions and Amusement Tax at Recreational and Sports Facilities

If you operate a golf course, skating rink, or another kind of recreational or sports facility, you may be liable for the admissions and amusement tax. This tax tip explains how the admissions and amusement 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 from

- admissions to events like concerts, movies and sports games
- the use of games of entertainment
- the use of recreational and 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 at recreational or sports facilities are 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 recreational or sports equipment?

Equipment rentals are subject to both the sales tax and the admissions and amusement tax. However, the admissions and amusement tax rate may not exceed five percent on equipment rentals when they are subject to the six percent sales tax.

For example, the county admissions and amusement tax rate might be 8 percent, but only a 5 percent rate would apply to the rental equipment because the admissions and amusement tax rate and the six 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 there exemptions from the admissions and amusement tax?

Yes. Charges for club memberships allowing unlimited usage of the facilities are exempt.¹ 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 sports-related schools are gymnastic, karate and dance schools. There are exemptions from the admissions and amusement tax under Maryland law such as charges for the use of bowling alleys and lanes.²

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 admissions and amusement 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.

¹ See COMAR 03.06.02.01.

² See Tax-General Article §§ 4-103, 4-104.

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.³ 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.

What if a tax-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 admissions and amusement 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 [here](#).

How can I get an admissions and amusement tax account?

The tax must be reported on an admissions and amusement tax return. To obtain an account, you may register online using the Maryland Combined Registration Online Application available [here](#). After registering online, you can file admissions and amusement tax returns for free online at the Maryland Comptroller's bFile system available [here](#).

³ See COMAR 03.06.02.02.