



# AMUSEMENTS

## **Chandler Transaction Privilege (Sales) & Use Tax**

*This serves as general information only. For complete details, please refer to the City of Chandler Tax Code.*

*January 2016*

### **WHO MUST PAY THE TAX?**

You must be licensed and pay tax if you are the owner or operator of amusement activities including the following or similar activities:

- Video/Game Centers
- Pool Halls
- Theaters
- Bowling Centers
- Movies/Shows
- Golf Courses
- Menageries
- Skating Rinks
- Amusements Parks
- Tennis Courts
- Batting/Driving Ranges
- Concerts/Plays/Opera
- Health Spas
- Fitness Centers
- Aerobic or Dance Classes (or similar activities)
- Circuses
- Jukeboxes
- Fairs/Carnivals
- Coin Operated Game Machines
- Animal Rides
- Contests
- Exhibitions
- Car/Motorcycle Races
- Sports Events
- Dance Halls/Public Dances
- Any Business charging admission for exhibition, amusement, or entertainment

### **WHEN IS TAX DUE?**

Tax is due on the 20<sup>th</sup> day of the month following the month in which the revenue was recognized.

## WHAT IS THE TAX RATE?

The tax rate for the Amusement classification is 1.5% of taxable income.

## SPECIAL SITUATIONS

1. **Admission, cover, minimum and parking fees or charges** are subject to the tax.
2. **Coin-Operated Game Machines**  
Income from pinball, video game, jukebox, or any other coin-operated game machine is taxable as amusement income. There is no deduction allowed for commissions or equipment rental costs.  
  
Commissions received for the placement of game machines in a business location are taxable as licensing for use of commercial property.
3. **Souvenirs/Programs**  
Income from the sale of souvenirs and programs at or during an amusement activity is taxable as a retail sale.
4. **Food and Beverage Sales**  
Income from the sale of food and beverages at or during the amusement activity is taxable as a restaurant and bar sale.
5. **Rental of Equipment**  
Income from the rental of equipment necessary to participate in an amusement activity (i.e. ice skates, bowling shoes) is taxable as rental of tangible personal property.
6. **Federally Exempt Organizations**  
Federally exempt organizations or proprietary clubs which are recognized by the Internal Revenue Service as being non-profit 501(c) are exempt from the City Tax when providing the amusement. However, they are required to obtain licenses and permits.  
  
Amusement activities conducted on behalf of these organizations by out-side franchises and/or concessionaires are not exempt from the Amusement Tax.
7. Gratuities which are not distributed in their entirety to service providers are taxable.

## CALCULATING THE TAX

You may choose to charge the tax separately or you may include tax in your sales price. If you include tax in your sales price, you may factor in order to “compute” the amount of tax included in your gross income for deduction purposes.

To determine the factor, add one (1.00) to the total of state, county, and city tax rates.

$$\text{Example: } 1.00 + .078 = 1.078$$

Calculate as follows:

$$\frac{\text{Taxable Income}}{\text{Factor (1.078)}} = \text{Computed Taxable Income}$$

Taxable income less computed taxable income equals your deduction for tax collected.

If more City tax was collected than was due, the EXCESS TAX COLLECTED must be remitted to the City.

## **USE TAX**

This is a tax on items that were purchased, leased, or rented without paying privilege or sales tax. The purchased, leased, or rented items become taxable when they are used, stored, or consumed within the City. Most commonly, purchases, leases, or rentals from out-of-state vendors will fall into this category. The use tax does not apply to purchases, leases, or rentals which are resold or re-leased in the normal course of business.

The City of Chandler Use Tax rate is 1.5%. Businesses are responsible for computing and paying use tax.