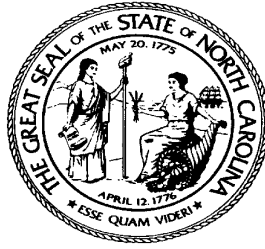

North Carolina Department of Revenue



DIRECTIVE

Subject: Amenities Included as Part of the Price of Admission
Tax: Privilege Tax
Law: G.S. 105-37.1(a)(2)
Issued By: Corporate, Excise, and Insurance Tax Division
Date: January 30, 2009
Number: CD-09-1

This Directive informs taxpayers who sell tickets for admission to an event of their liability for the privilege tax imposed by G.S. 105-37.1 if amenities are included as part of the admission price. This Directive is effective for tickets for admission sold on or after February 1, 2009.

Background

It is common for persons to sell admission tickets to entertainment events and include charges for extra amenities, i.e., parking privileges, access to special concession areas or fine dining, free or discounted meals or drinks, merchandise discounts, copies of game statistics, etc., as part of the admission price. In some cases, the charge for the amenities is stated on the face of the ticket separate and apart from the actual admission fee charged to view the event, i.e. "the seat price," although the purchaser of the ticket does not have the option of just paying the seat price. In other cases, the purchaser may purchase a package/suite that comes with the seat tickets and the amenities as part of the package.

Issues

What is properly included in the computation of gross receipts as outlined in G.S. 105-37.1?

Should the amenities portion of the ticket price be excluded from the calculation of taxable gross receipts?

Applicable Statutory Authority

Privilege taxes are imposed under Article 2 of Chapter 105. G.S. 105-37.1(a) imposes a privilege tax “on the **gross receipts** of a person who is engaged in... (2) [g]iving, offering, or managing a form of amusement or entertainment that is not taxed by another provision of this Article and for which an admission fee is charged....” (Emphasis added) G.S. 105-37.1(b) provides that “[t]he rate of the privilege tax is three percent (3%) of the **gross receipts** from the activities described in subsection (a).” (Emphasis added)

To determine the amount of gross receipts taxes on amusements imposed by G.S. 105-37.1, North Carolina Administrative Code 17 NCAC 04B.0302(a) provides that, “[t]he gross receipts taxes on amusements imposed by G.S. 105-37.1 ... [is] computed on the admission price of the amusements, less any federal tax included in the admission price.”

Conclusion

Gross receipt taxes are computed on the admission price of the amusement.

An admission price is the price paid to enter an event. Effective for tickets for admission sold on or after February 1, 2009, the gross receipts tax is due on the price paid by a customer for admission into an event regardless of whether that price just covers the seat price or also includes amenities.

Questions

Questions regarding this Directive may be directed to the Corporate, Excise, and Insurance Tax Division at 919-733-8510.