

# Amusements

Pub 604

Revised: January 2017

To better serve you, the Arizona Department of Revenue offers online assistance and filing of your business taxes. To register to use the site and to file your taxes online, go to [www.AZTaxes.gov](http://www.AZTaxes.gov).

This publication provides general information about Arizona transaction privilege tax on amusement businesses. The Arizona transaction privilege tax is a tax on the privilege of doing business in Arizona. The transaction privilege tax is imposed on persons engaged in business under the amusement classification by Arizona Revised Statutes (A.R.S.) §42-5073. For complete details, refer to this statute and Title 15, Chapter 5 of the Arizona Administrative Code. In case of inconsistency, error, or omission in this publication, the language of the Arizona Revised Statutes and the Arizona Administrative Code will prevail.

## Who Must Pay

If you operate or conduct a business that charges admission or user fees for exhibition, amusement or entertainment, you may be subject to transaction privilege tax. Examples of taxable business activities include but are not limited to:

- Sporting events
- Concerts
- Tours
- Bowling or golfing
- Coin-operated video games
- Theaters
- Movies
- Shows
- Tennis courts
- Carnivals

## What Is the Tax Rate and How Do I Pay?

The current combined state and county tax rates can be found in the *Arizona State, County and City Transaction Privilege and Other Tax Rate Tables* under business code 012. For ease of reporting, state and county rates are combined. City tax is reported separately.

## Factoring Transaction Privilege Tax

When a business “factors” Transaction Privilege Tax, it means the tax is included in the total price rather than shown as a separate charge. If you choose to factor the tax, the tax must be calculated using a factoring formula. There are different factoring formulas depending on city taxes, county taxes or differences in allowable city tax deductions. See Transaction Privilege Tax Procedure TPP 00-1 for information about factoring.

## What Is Taxable?

The tax base is the total amount of income (gross income) from your amusement business. Subject to certain qualifications, income from membership fees to use a health or fitness establishment for periods of twenty-eight days or more is deductible from the tax base.

Income from private or group instructional activities is not taxable. If your business offers both amusements and private or group instructional activities, you must show the income from each separately. If the private or group instructional activities are not shown separately, they will be taxed as part of your total income.

## Special Situations

### 1. Machines

Total income from coin-operated games, devices or other amusements is taxable under this classification. Examples include juke boxes, pinball machines, video games, and pool and billiard tables. No deduction is allowed for any commissions paid for the equipment or for the purchase or rental cost of the equipment.

The sale/purchase of an amusement machine is a retail sale subject to transaction privilege or use tax. For more information, see Publication 602, Retail Sales and Publication 610, Use Tax.

### 2. Promoters of Concerts and Events

Promoters of concerts and events are subject to tax. Generally, you are considered to be a promoter if you will profit or lose from the event, and you are responsible for paying the performers.

### 3. Programs and Souvenirs

Sales of programs, souvenirs, and related items are taxable as retail sales, and not under the amusement classification. Income from sales of these items is reported on the transaction privilege tax form under retail sales, business code 017. For more information, see Publication 602, Retail Sales.

### 4. Private Recreational Establishments or health/ fitness clubs (Private clubs)

Fees and charges for private recreational facilities or health or fitness establishments are taxable. Private recreational facilities include golf courses, swimming pools and tennis courts. Subject to qualifications, private club income does not include membership fees to use the facilities for twenty-eight days or more.

## Common Exemptions

The specific language of the following statutory exemptions may be found in A.R.S. §42-5073:

1. Income from events operated or sponsored by the Arizona Coliseum and Exposition Center.
2. Income from events operated or sponsored by a county fair commission.
3. Income from activities or projects of bona fide religious or educational institutions.
4. Income from private or group instructional activities (performing arts, martial arts, gymnastics, aerobic instruction, etc.).
5. Income received by any musical, dramatic or dance group that qualifies as a non-profit charitable organization.
6. Income received by a botanical garden, museum or zoo that qualifies as a non-profit charitable organization.
7. Income from exhibitions sponsored, conducted or operated by a non-profit group that is associated with a national touring professional golf association or a major league baseball team. One example is major league spring training baseball games.
8. Income from rodeos that primarily feature farm and ranch animals if sponsored or operated by certain non-profit organizations.
9. Income from college football games if operated by a non-profit organization.
10. Activities and events for members and accompanied guests of nonprofit homeowners organizations.

## FOR ADDITIONAL INFORMATION:

~ **Browse** ~

[www.azdor.gov](http://www.azdor.gov)  
[www.AZTaxes.gov](http://www.AZTaxes.gov)

~ **Call** ~

(602) 255-3381

Toll-free within AZ: 1-800-352-4090

~ **Write** ~

Arizona Department of Revenue  
Taxpayer Information & Assistance  
PO Box 29086  
Phoenix AZ 85038-9086

This publication is available in an alternative format upon request.