

## **AMUSEMENTS**

### **YOU OWE TAX ON AMUSEMENTS IF:**

You are operating an amusement business within the city.

Examples of taxable amusement activities include, but are not limited to:

- Exhibitions, movies, operas, and theaters.
- Concerts, carnivals, circuses.
- Bowling, billiards, skating.
- Golf, tennis, batting/driving ranges.
- Coin-operated amusement machines.
- Sporting events.
- Any business charging admission for exhibition or entertainment.

### **TAX RATE ON AMUSEMENTS**

A total Transaction Privilege (Sales) Tax rate of 9.1% (6.35% State and County, 2.75% Prescott) is imposed on the gross income of any person engaging in taxable amusement activities.

## **COLLECTION OF TAX**

You may choose to charge the tax separately on each sale, or include privilege tax in your price. If you over charge any tax to your customers, you must remit the excess tax to the city.

If you include tax in your price, you can use factoring to “back into” the tax included in your gross sales.

For example, if you make a sale for \$100.00, tax included, and the total privilege tax rate is 9.1% (the combined City, State & County tax rate), your tax calculation is:

Price excluding sales tax =	
\$100.00/1.091 =	\$91.66
Prescott City Tax =	
\$91.66 x .0275 =	\$2.52
State & County Tax =	
\$91.66 x .0635 =	<u>\$5.82</u>
Total City, State & County Tax =	\$8.34

## **SPECIAL SITUATIONS**

- **Coin-Operated Machines:** Gross income from electronic games, pinball, jukeboxes and other coin-operated machines is taxable to the city in which located. No deduction from gross income is allowed for commissions or equipment rental cost. The person responsible for paying the tax is the one who has direct control over the funds generated by the machines.

Commissions received for the placement of these machines is taxable as licensing for use of real property.

- **Programs/Souvenirs:** Gross income from the sale of programs or souvenirs is taxable as retail sales.

- **Private Clubs:** Fees for recreational facilities open to the public, such as golf course, swimming pools, and tennis courts, are taxable.
- **Balloon Rides, Bus Tours, Rafting, Hay Rides:** These activities are taxable if the origination point is within Prescott city limits.
- **Federally Exempt Organizations and Proprietary Clubs:** Amusement activities directly conducted by these organizations are generally exempt from tax. Amusement activities which are conducted on behalf of these organizations by outside franchisees and concessionaires are not exempt from tax.

To view a complete copy of the City tax code, please go to: <http://www.prescott-az.gov>



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# PRESCOTT PRIVILEGE TAX

## AMUSEMENTS



This publication is for general information regarding Transaction Privilege (Sales) Tax on amusements. For complete details, refer to the City of Prescott Privilege & Use Tax Code and related regulations. In the case of an inconsistency or omission in this publication, the language of the Tax Code will prevail. The transaction privilege tax is commonly referred to as a sales tax, however, under State of Arizona law, the tax is on the privilege of doing business in Prescott and is not a true sales tax.

**December 2017**