



## Amusements

### CITY OF PHOENIX PRIVILEGE LICENSE (Sales) TAX

#### 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 Center
- Theaters
- Amusement Parks
- Batting/Driving Range
- Circuses
- Fairs/Carnivals
- Coin-Operated Game Machines
- Bowling Center
- Golf Courses
- Skating Rinks
- Tennis Courts
- Concerts/Plays/Opera
- Music Machines
- Any business charging admission for exhibition, amusement, entertainment, or instruction
- Exhibitions
- Sports Events
- Dance Hall
- Pool Hall
- Shooting Range
- Car/Motorcycle Races

\* These activities may require a separate Regulatory License, please contact (602) 262-4638 for more information.

#### WHAT IS THE CITY TAX RATE?

The City's tax rate is 2.0%; the combined rate (including State & County taxes) is 8.3%.

#### WHEN IS TAX DUE?

Your tax return and payment are due on the 20<sup>th</sup> day of the month following the reporting period.

#### SPECIAL SITUATIONS

- Coin-Operated Game Machines – The gross income from pinball, video game, 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 to the business providing space as licensing for use of commercial property.**
- Souvenirs/Programs – Income from the sale of souvenirs and programs at or during an amusement activity is taxable as retail sales.
- Food and Beverage Sales – Income from the sale of **all** food and beverages at or during an amusement activity is taxable as restaurant and bar activity.
- Rental of Equipment – Income from the rental of equipment necessary to participate in an amusement activity (e.g., ice skates, bowling shoes) is taxable as rental of tangible personal property.
- Federally Exempt Organizations – Federally exempt organizations or proprietary clubs which are recognized by the Internal Revenue Service as being nonprofit (501(c)) are exempt from the City tax on their income. However, they may be required to obtain other licenses and permits, please contact Regulatory Licensing at (602) 262-4638, TTY (602) 534-5500. Amusement activities conducted on behalf of these organizations by outside franchises and/or concessionaires are not exempt from the amusement tax.
- Purchase of Amusement Equipment – The purchase of any machines, equipment, etc. used in the Amusement activity is subject to sales or use tax at the time of purchase.

**DEDUCTIONS THAT CAN BE TAKEN (when included in the gross income on the front of your tax return):**

1. State, County and City Tax Collected whether charged separately or included in the sales price
2. Bad Debts on which tax was paid on a previous City return
3. Discounts, Refunds or Returns

**CALCULATING THE TAX**

You may choose to charge the tax separately or you may include tax in your price. If you include tax in your price (no separate charge for tax), you may back out the tax in order to compute the amount of tax included in your gross income. The formula is:

TAXABLE SALES divided by 1 + COMBINED TAX RATE of 8.3% (State, County & City tax)

Calculate the tax deduction as follows:

Taxable Sales ÷ Factor (1.083) = Computed Taxable Income

Taxable Sales less Computed Taxable Income equals your deduction for tax collected.

Example:     \$3,000.00 ÷ 1.083 = \$2,770.08  
               \$3,000.00 - \$2,770.08 = \$ 229.92 (tax collected deduction)

If more tax was collected than was due, the City's portion of excess tax collected must be paid to the City, unless it is refunded to the customer. Please refer to the Privilege (Sales) Tax Instruction Sheet for instructions on how to report excess tax collected or the tax collected deduction.

This material is available in alternate formats upon request. For more information, call (602) 262-6785, press 4, 1, TTY (602) 534-5500 or write to City of Phoenix, TAX DIVISION, 251 W. Washington Street, 9<sup>th</sup> Floor, Phoenix, Arizona 85003. For more information on our licensing, tax rates, tax return instructions or a copy of the Tax Code, visit our website at [www.phoenix.gov/PLT](http://www.phoenix.gov/PLT).

*This is general information only. For complete details, refer to the City of Phoenix Tax Code.*