

## **WHAT IS TAXABLE?**

Any business charging admission for exhibition, amusement, entertainment or instruction (individual, group or membership fees) relating to the following activities is taxable under the amusement classification. Some examples include (\*\* indicates Town of Gilbert only tax):

- Amusement Parks
- Animal Rides/Circus/Fairs/Carnivals
- Batting/Driving/Shooting Ranges
- Bowling Centers
- Coin-Operated games or other amusement machines
- Jukeboxes/Video/Game Centers
- Concerts/Plays/Opera
- Dance Studios/Dance Halls
- Exhibitions
- \*\* Golf courses, including green fees
- \*\* Health spas, fitness centers, training
- \*\* Membership fees or cover charges
- Movies/Shows
- Painting canvasses/sign design classes
- Pool halls
- Races (car/motorcycle, animal, cycling, running, etc.)
- Tennis/pickleball Courts
- Tours
- Zoos/wildlife parks

## **HELPFUL WEBSITES**

- AZ Department of Revenue
- AZ Taxes (file, pay, etc.)
- Model City Tax Code

## **STATE/CITY DEDUCTIONS**

Deductions such as factored tax can be taken when included in the gross income on your TPT return. Deductions will vary between the state and city for the amusement classification. On AZTaxes.gov only deduction codes applicable to the specific taxable activity are available. A complete list of deduction codes is available on the AZDOR website.

## **NEED MORE HELP?**

Town of Gilbert staff are available to assist you with your questions. You can stop by 50 E Civic Center (Town Hall), Monday – Thursday from 7 AM – 6 PM; appointments are recommended. You can also email your questions to [SalesTax@GilbertAZ.gov](mailto:SalesTax@GilbertAZ.gov).

This brochure is meant to be a guideline only. For complete details, refer to the Town of Gilbert Tax Code and related regulations.

The Arizona Department of Revenue (AZDOR) administers the transaction privilege tax for the Town of Gilbert. This means that you will license, report and pay your Town of Gilbert transaction privilege taxes (TPT) to the AZDOR and they will distribute the applicable monies to the municipality.

TPT is commonly referred to as sales tax; however, it is a tax on the business and not the consumer. The business may choose to pass the tax on to their customer. It is the “privilege” of doing business within the town and is not a true sales tax.



# **Town of Gilbert**

## **Amusement**

### **(Fun, Fitness, & Games)**

## **Tax Compliance**

50 E Civic Center Drive  
Gilbert, AZ 85296  
480-503-6950

[SalesTax@GilbertAZ.gov](mailto:SalesTax@GilbertAZ.gov)

[www.GilbertAZ.gov/TaxCompliance](http://www.GilbertAZ.gov/TaxCompliance)



Most municipalities charge transaction privilege tax (TPT) to the owners of amusement activities. This includes any business charging admission for exhibition, amusement, entertainment or instruction (per event & memberships) is taxable under the amusement classification. The following guidelines apply to amusement activities within the Town of Gilbert. The Arizona Department of Revenue (AZDOR) also has an [Amusement publication](#) available on their [website](#).

### **AMUSEMENT TAX RATE**

Combined Amusement TPT rate: ..... 7.8%  
Town only (Local Option #H): ..... 1.5%

### **MODEL CITY TAX CODE**

Under the amusement classification (business code 012) there are differences between the state and cities/towns. **The Town has elected Local Option #H**, which refers to the tax of health spas, fitness centers, dance studios, and instruction for health related activities or membership fees as part of the amusement tax. Local Option #H activities are taxable at the Town only rate of 1.5%. The Town does not observe Local Option #J which exempts golf-green fees. For a complete list of cities/towns that observe local options please refer to the [www.modelcitytaxcode.az.gov](http://www.modelcitytaxcode.az.gov)

### **SPECIAL SITUATIONS**

**Coin-Operated Game Machines** Gross income from electronic games, pinball and other coin-operated machines is taxable. No deduction from gross income is allowed for commissions or equipment rental cost. The person responsible for the 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 (213)*.

### **Federally Exempt Organizations and Proprietary Clubs**

Federally exempt organizations or proprietary clubs which are recognized by the Internal Revenue Service as being non-profit 501 (c) are exempt from city tax when providing amusement activities directly. Amusement activities which are conducted on behalf of these organizations by outside franchisees and concessionaires are not exempt from tax. However, they may be required to obtain other licenses and permits.

**Private Clubs** Fees for recreational facilities open to the public, such as golf courses, swimming pools, and tennis courts, are taxable.

**Souvenirs/Programs** Income from the sale of souvenirs and programs at or during amusement activity is taxable as a Retail Sales (017).

**Food and Beverage Sales** Income from the sale of food and beverages at or during the amusement activity is taxable as a Restaurant and Bars (011) sale. Gratuities which are not distributed in their entirety to service providers are taxable.

**Equipment Rental** Income from the rental of equipment necessary to participate in an amusement activity (i.e. ice skates, bowling shoes) is taxable as Rental, Leasing & Licensing of Tangible Personal Property (014, 214).

### **GILBERT BUSINESS LICENSE**

Every property located in Gilbert is required to have a business license. You may find additional information in the [Municipal Town Code](#), Section 14. Business license information is available on the Town website under [Business Licensing and Registration](#) or call 480-503-6700.

### **LICENSING & REPORTING**

In order to report and submit your Gilbert commercial lease tax, you will need to obtain a Transaction Privilege Tax (TPT) license from AZDOR. You may apply for your TPT license, file returns and make payments via [AZTaxes.gov](http://AZTaxes.gov)

Filing frequency is determined by the amount of a business' total state/town combined annual tax liability. The three frequencies are currently:

- Annual: Less than \$2,000
- Quarterly: \$2,000 - \$8,000
- Monthly: More than \$8,000

To change your filing frequency, please complete and submit a Business Account Update form to the AZDOR. If there are any delinquencies on your account, the filing frequency cannot be changed.

### **FACTORING TAX**

If you elect to include the tax in the rent (no separate charge for tax), you may calculate the tax amount included in your gross income as indicated below:

Gross rent ÷ (1 + tax rate) = Net Taxable

Example:

Gross income:	\$ 3,000.00
7.80% tax:	÷ 1.078
Net taxable income:	\$ 2,782.93

Gross income - net taxable = tax due  
\$3,000.00 - \$2,782.93 = \$ 217.07

TPT (sales tax) remitted for this example will be \$217.07 which if added to the net taxable amount will total the amount collected. The appropriate deduction code used is 551 / Tax Factored or Collected.