

NEW JERSEY DIVISION OF TAXATION

TECHNICAL BULLETIN

TB- 50R

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TAX: SALES AND USE TAX

TOPIC: AMUSEMENT RIDE OPERATOR'S RESPONSIBILITY TO REMIT SALES TAX FOR ADMISSION CHARGES TO CARNIVALS CONDUCTED IN CONJUNCTION WITH EXEMPT ORGANIZATIONS

Under the New Jersey Sales and Use Tax Act, any charge for admission to an entertainment or amusement event is subject to sales tax. N.J.S.A. 54:32B-3(e)(1). Places, events and activities to which admissions are taxable include sporting events, amusement parks, and carnivals that take place in New Jersey. Although the Sales and Use Tax Act grants exempt organizations (such as churches, schools, charities, etc.) exemptions from tax under certain circumstances, the tax exemption available for exempt organizations does not apply to "carnivals, rodeos, or circuses in which any professional performer or operator participates for compensation." N.J.S.A. 54:32B-9(f)(2)(B). See also N.J.S.A. 54:32B-9(f)(1). As such, charges for admission to carnivals, rodeos, circuses or other similar events are not exempt from tax by virtue of the fact that the church or other exempt organization is involved in the event or is collecting the receipts on the taxable admission charges.

Every recipient of admission charges is a person required to collect tax under the Act. See N.J.S.A. 54:32B-2(p); N.J.S.A. 54:32B-2(w). A promoter is anyone who holds, produces or sponsors an event the admission to which is subject to tax. An individual or entity which operates carnival rides is considered a promoter under the law. The receipts paid over to the ride operator are subject to New Jersey sales tax, as well as the receipts retained by the exempt organization. Pursuant to N.J.A.C. 18:24-2.16, the carnival operator is considered a promoter and the party that is responsible for collecting and remitting the tax. This regulation states "Every person who contracts, agrees to or otherwise arranges to hold, produce or sponsor an event, entertainment, or amusement the admission to which is subject to tax under N.J.S.A. 54:32B-3(e) of the Sales and Use Tax Act is deemed a promoter and a person required to collect sales tax..."

All tickets which state the price of admission must also state the amount of sales tax collected for remittance to the Division of Taxation. N.J.A.C. 18:24-2.16(b). Once the admission charge receipts are collected, the tax will come off the top, i.e., the ride operator will remit seven (7) percent of the total admission charges as sales tax to the State.

Proper records must be maintained at all such amusement events including the number of tickets or admissions sold; the gross receipts from ticket sales; the amount of sales tax collected; the professional operator's name, address and telephone number and a copy of the operator's New Jersey Certificate of Authority (Form CA-1) to collect and remit New Jersey sales tax.

Promoters and other persons who sell taxable admission tickets in New Jersey must register as vendors with the Division of Taxation. To register, promoters and other ticket sellers, including ticket sales agents, must complete an Application for Business Registration (Form NJ-REG). Registered vendors receive and are identified by a Certificate of Authority (Form CA-1) to collect and remit New Jersey sales tax.

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