

# AMUSEMENTS

## YOU OWE TAX ON AMUSEMENTS IF:

You are operating an amusement business within the city. (Mesa Tax Code 5-10-410)

Transactions between related companies or persons are taxable by the City of Mesa. See Mesa City Code Section 5-10-100 for the definition of a "Person", Section 5-10-210 "Determination of gross income: transactions between affiliated companies or persons", and Section 5-10-220 "Determination of gross income: artificially contrived transactions".

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

- Exhibitions, movies, operas, theaters, concerts
- Shows of any type or nature, public dances, dance halls
- Carnivals, circuses, fairs, amusement parks, animal rides, menageries
- Bowling, billiards, skating
- Golf, tennis, batting/driving ranges
- Coin-operated amusement machines
- Sporting events, races, contests, games
- Any business charging admission for exhibition, amusement or entertainment

## TAX RATE ON AMUSEMENTS

The City tax rate for Amusements within Mesa is 2.0% of the taxable income.

## BUSINESS CODE

012 MAR for State  
012 ME for Mesa

## COLLECTION & CALCULATING THE TAX

You may choose to charge the tax separately or you may include tax in your sales price. If you include tax in your sales price, you may factor in order to "compute" the amount of tax included in your gross income for deduction purposes and obtain the "Net Taxable". To determine the factor, add one (1.00) to the total of state, county, and city tax rates.

Example (Total Tax Rate 8.3%):  
 $1.00 + .0630 + .0200 = 1.0830$

Calculate as follows:

Gross Income / Factor (1.0830) = Net Taxable Income

$\$1000 / 1.0830 = \$923.36$  (net taxable);  
the tax factor deduction is \$76.64

Tax Due Mesa:  $\$923.36 * 2\% = \$18.47$

Tax Due State/Maricopa County:  
 $\$923.36 * 6.3\% = \$58.17$

Total Tax = \$76.64

(should always match the total tax factor deduction amount)

## OTHER SITUATIONS

### A. COIN-OPERATED AMUSEMENT 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 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.

### B. PROGRAMS/SOUVENIRS

Gross income from the sale of programs and souvenirs is taxable as retail sales.

### C. 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.

### D. PRIVATE CLUBS

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

### E. BALLOON RIDES, BUS/JEEP TOURS, RAFTING, HAY RIDES

These activities are taxable if the origination point is in the City of Mesa.

*This publication is for general information only about Transaction Privilege (Sales) Tax on amusements. For complete details, refer to the City of Mesa Privilege & Excise Tax Code and related regulations. In case of 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, the tax is on the privilege of doing business in Mesa and is not a true sales tax.*

## FOR TPT LICENSING INFORMATION CONTACT:

Arizona Department of Revenue  
<https://www.aztaxes.gov>  
602.255.3381

## FOR MESA TAX INFORMATION CONTACT:

480.644.3816  
[salestax.info@mesaaz.gov](mailto:salestax.info@mesaaz.gov)



## MESA TAX AUDIT

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