

Business tax tip #33

Admissions and Amusement Tax on Political Fund-raisers

What is the admissions and amusement tax?

The [admissions and amusement tax](#) is a locally-imposed tax on the gross receipts from admissions, the use or rental of recreational or sports equipment and the sale of merchandise, refreshments or service at a night club or similar place where entertainment is provided.

Effective June 1, 2009, electronic bingo machines and electronic tip jars are subject to a state admissions and amusement tax of 30 percent on the taxable net proceeds. The tax is in addition to any county or municipal admissions and amusement tax which may be levied. If the proceeds subject to tax are also subject to a county or municipal corporation tax, then the tax rate when combined must not exceed 35 percent.

Who collects the tax?

The local admissions and amusement tax is collected by the State Comptroller's Office for Maryland's counties, Baltimore City and other incorporated cities and towns. The entire amount of the tax collected, less administrative expenses, is returned to the municipalities and counties imposing the tax.

The state tax on electronic bingo and electronic tip jars goes into the state's general fund.

Does the tax apply to receipts from tickets to political fund-raisers?

The gross receipts from sales of tickets to political fund-raisers are not subject to tax.

Are receipts from wheels and games at political fund-raisers taxable?

The taxation of wheels and games does not depend upon whether or not a "performance" is provided. The tax applies to receipts from these activities even if no live entertainment is provided.

Can you deduct the cost of prizes in calculating the tax?

No. Since the admissions and amusement tax is a gross receipts tax and not an income tax, no deduction is permitted for the cost of prizes.

I've heard you don't have to pay tax on receipts from wheels and games if you donate an amount equal to the tax to charity. Is that true?

You heard wrong. The admissions and amusement tax law requires that all of the receipts be donated to charity to get an exemption. The gross receipts from sales of tickets to political fund-raisers are not subject to tax.

What is the tax rate?

The local admissions and amusement tax is imposed by the subdivisions at varying rates up to 10 percent. You can download a [rate chart](#) or obtain one by calling our Taxpayer Service Section at 410-260-7980 in the Baltimore area or 1-800-638-2967 from elsewhere in Maryland. You can also send a written request to: Taxpayer Service Section, Revenue Administration Division, Room 206, 301 West Preston Street, Baltimore, MD 21201-2383.

Where can I get an admissions and amusement tax return?

To obtain a return, call our Special Events Section at 410-767-1540. In many cases, the facility at which the event is taking place has notified the Special Events Section ahead of time. In these cases, you will receive a return directly from the Special Events Section.

How do I file?

If you receive a return from the Special Events Section, you must file it, together with any taxes due, by the 10th day of the month following the month when the event occurred. If you have not received a return and believe that no taxes are owed, no return need be filed. You must retain records of the events for four years for audit purposes.

What about the sales and use tax?

In general, sales of tickets to bull roasts, receptions, fund-raising dinners and similar affairs are not considered sales of food. No [sales and use tax](#) should be charged on ticket prices. On the other hand, the tax must be paid on purchases of food and beverages from caterers. In addition, if separate sales of beverages or other personal property are made, the sales and use tax must be collected.