

Admissions

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*Ce guide est disponible en français sous le nom « Droits d'entrée, No 303F » .
Vous pouvez obtenir un exemplaire de ce guide en appelant le 1-800-668-5821.*

TAXABLE ADMISSIONS

• **ADMISSIONS**

Admission charges to view indoor or outdoor performances and entertainment are taxable at the Ontario retail sales tax (RST) rate of 10% where the price is more than \$4.00 [excluding the federal goods and services tax (GST)]. The federal government allows vendors the option of using GST-included pricing when billing customers.

RST is to be collected **at the time the tickets are purchased** whether the tickets are sold by series, or season subscription, or on the day of the event. A cover charge is considered to be a price of admission. The tax collected or collectable must be paid by the due date of the next RST return.

The following are examples of indoor or outdoor performances and entertainment that are considered to be places of amusement for RST purposes:

- amusement parks
- athletic and sporting events
- circuses, carnivals, side shows, menageries and rodeos
- dances where a disc jockey provides pre-recorded music and alcoholic beverages are served
- exhibitions open to the general public, e.g. craft shows, home, auto and boat shows, and other consumer shows
- horse races
- live acts in night clubs, taverns, cocktail lounges, bars, striptease clubs and similar establishments, and
- movies.

• **CALCULATING RETAIL SALES TAX FOR GST-INCLUDED PRICING**

A vendor who chooses the federal option of GST-included pricing for admissions, and whose sales are also taxable provincially, may use a factor to calculate the amount of RST to collect from customers, if every admission is over \$4.28 (\$4.00 + 7% GST). For example, to calculate the 10% RST on taxable admissions, a vendor would multiply the GST-included price by 9.346%:

GST-included price (\$10.00 + 7% GST)	\$10.70
RST calculation equivalent to 10% of \$10.00 (\$10.70 x 9.346%)	<u>1.00</u>
Total Billing	<u>\$11.70</u>

Note: For the balance of this guide, references to \$4.00 will exclude GST.

• **RST-INCLUDED PRICING**

Vendors in the hospitality industry can use tax-included pricing for RST if:

- tickets or signs at the place of amusement indicate that prices include 10% RST
- ticket prices are advertised as including 10% RST where applicable.

Please refer to Retail Sales Tax Guide 208, "Tax-included Pricing" for more information.

- **COMBINATION PACKAGES**

A price of admission may include a combination of both taxable and non-taxable attractions, or other privileges, or a meal. The total selling price of the combination package is taxable at the rate of 10% except as outlined below.

RST can be charged only on the taxable portion of the price of the combination package *if*:

1. the admission charge can be purchased without having to purchase any other privileges or meals; **and**
2. the charges for the price of admission, other privileges, meals, etc. are shown separately on any tickets issued and the prices are posted in public view at the time and place where tickets or entrance fees are sold; **and**
3. if the combination packages are sold for less than the total of the individual charges in (2) above, the discounted price difference is prorated for items included in the package price. The discount cannot be totally applied to the taxable portion of the package price in order to lower the amount of RST to be charged.

As an example, the price of admission is \$10.50 and the meal is \$4.50. The selling price of a combination package is \$12.00. This means the discounted package price difference is \$3.00 (\$15.00 - \$12.00) or a 20% savings. The 20% discount must be applied to the price of admission and to the meal. The discounted price of admission is \$8.40 (\$10.50 less 20%) and the discounted price of the meal is \$3.60 (\$4.50 less 20%). RST is to be charged on the price of admission and no RST applies to the meal as the discounted selling price is less than \$4.00.

If the above conditions are met, the charge for any taxable meals would be taxed at the rate of 8% and the charge for taxable prices of admission would be taxed at the rate of 10%.

Some places of amusement offer special admission rates for families. To determine if a family or combination package qualifies for some tax relief, details should be sent to the local Retail Sales Tax Office for a ruling.

- **PROMOTIONAL DISTRIBUTION BY VENDOR**

Many amusement operators provide admissions in exchange for goods or services. This arrangement is considered a sale, not promotional distribution. The amusement operators must collect RST on the selling price. Generally, the selling price of an admission in this arrangement is the advertised price charged to regular patrons. If you believe that the taxable amount is less than the advertised price, contact your local Retail Sales Tax Office and provide all the details.

- **SURCHARGES ON PRICES OF ADMISSION**

Some municipalities require that a surcharge be added to ticket prices to places of amusement owned by the municipality, such as municipally-owned stadiums, or theatres. The surcharge is added whether the ticket is bought at the organization's box office or from an agent selling the ticket. The surcharge is part of the admission charge to a place of amusement and RST applies if the total price of admission is more than \$4.00.

This municipal surcharge is not the same as service charges added by retail agents, such as TicketMaster and American Express, on tickets bought from an agency office, or with a credit card. These service charges are not taxable, since they are not a "charge made to a purchaser for entry into a place of amusement".

NON-TAXABLE ADMISSIONS

- The following are not subject to RST:
 - admissions to live theatrical or musical performances in places of amusement where 90% of the performers -those who regularly participate in the cast - are permanent residents of Canada. Managers, directors, producers and crew are not performers
 - admissions to a dance, if a **live** band is performing and 90% of the performers are residents of Canada **and** regularly participate in theatrical or musical performances. If the live band is made of up of less than 90% Canadian talent, the admission is taxable
 - admission charges of **\$4.00 or less**
 - events such as trade shows that are restricted to members of specified organizations and not advertised as being open to the general public
 - fund-raising events where no performer is paid or receives any other consideration for performing

- theatres, including dinner theatres and comedy clubs, with 3,200 seats or less, are not required to charge RST on any admissions to live entertainment. Examples include plays, ballets, concerts, operas.
- Also exempt are admissions to events held or sponsored by the following organizations:
 - a) federally registered Canadian athletic associations and their affiliates
 - b) federally registered charitable groups operating for charitable, social, civic, recreational, or other purposes
 - c) labour unions and benevolent and fraternal societies
 - d) agricultural societies operating a place of amusement **during an agricultural fair**. This exemption does not apply to admissions to sporting events
 - e) educational institutions (includes schools operated under the jurisdiction of a school board), the Ontario Government, and private schools operated by religious, charitable or benevolent organizations
 - f) organizations substantially supported from public funds of the Province of Ontario and listed in Regulation 1012, Schedule 1.

Qualifying organizations are not required to apply for exemptions for particular events, however, they must be prepared to prove that they are entitled to exemptions by keeping all the necessary documents on file.

NON-TAXABLE CHARGES

- Non-taxable charges include:
 - charges for coat checking, if purchasers have the option of buying tickets without such charges
 - credit card user fees
 - fees for exchanging tickets
 - phone-in order charges
 - service fees for series or season subscriptions.

VENDORS' RESPONSIBILITIES

- A vendor must:
 - determine the tax status of the event. If the event is taxable and the vendor does not already have a vendor permit, one can be obtained from the local Retail Sales Tax Office
 - determine the taxable value of the price of admission
 - collect and remit the appropriate RST. This responsibility may be delegated to another party, however, the vendor staging the event will be responsible for any shortages
 - know the other responsibilities as outlined in Retail Sales Tax Guide 203, "Vendor Responsibilities".

The information in this publication is only a guideline. For more specific information, please consult the *Retail Sales Tax Act* or call your local Retail Sales Tax Office listed in the blue pages of your telephone directory.