OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

PHONE (405) 521-3133
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December 2, 2004

RE: Our File Number LR-04-234; Tax status of fee for hosting parties

Dear

This is in response to your request for clarification as to whether the fee for hosting parties at your client's facility is subject to sales. You stated that "the parties take place at your client's facility and include children attending the party and playing on recreational blow up equipment. The fees are charged at a standard rate for the party and are paid by one individual for use of the facility and recreational equipment. No admission is by child."

Based on the situation you described in your letter of November 5, 2004, the fee charged for your client's parties is subject to sales tax. Your client should charge, collect and remit sales tax on the total costs billed for the birthday parties including the sale of food, meal, or drinks. "Sales tax would be due on the "gross receipts" or "gross proceeds" or "sales price" which means "the total amount of consideration, including cash, credit, property and services, for which personal property or services are sold, leased or rented, valued in money, whether received in money or otherwise, without any deduction for the seller's cost of the property sold, the cost of material used, labor or service cost..." See 68 O.S. Section 1352 (7) and Section 1354 (9) (14) and (15) and Commission Rule 710:65-1-2 and 710:65-1-9, copies are enclosed.

Additionally, tourism tax is due on the "gross receipts" from the sales of birthday parties. "The tourism promotion tax is a levy on the privilege of doing business and is not added to the sales price collected from the consumer." See Commission Rule 710:75-1-2, 710:75-1-3 and 710:75-1-4, copies are enclosed.

This response applies only to the circumstances set out in your request of November 5, 2004. Pursuant to Commission Rule 710:1-3-73(e), this Letter Ruling may

be generally relied upon **only** by the entity to whom it is issued, assuming that all pertinent facts have been accurately and completely stated, and that there has been no change in applicable law. Copies of the above referenced Statute and Commission Rules are enclosed. If I can be of further assistance, please feel free to contact me.

Sincerely,

Brenda J. Sullivan
Tax Policy Analyst

cc: Jerry Webb, Deputy Director, Taxpayer Assistance Division
Enclosure