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SC REVENUE RULING #88-11

SUBJECT: Promotional Tickets
(Admissions Tax)

EFFECTIVE DATE: Applies to all periods open under statute

REFERENCE: S.C. Code Ann. Section 12-21-2410 (1976)
S.C. Code Ann. Section 12-21-2420 (1976)

AUTHORITY: S.C. Code Ann. Section 12-3-170 (1976)
SC Revenue Procedure #87-3

SCOPE: A Revenue Ruling is the Commission's official interpretation of how tax law is to be applied to a specific set of facts. A Revenue Ruling is public information and remains a permanent document until superseded by a Regulation or is rescinded by a subsequent Revenue Ruling.

Question:

Is the exchange of tickets to a place of amusement for radio and television advertising, or other promotions, "paid admissions" subject to the tax, pursuant to Code Section 12-21-2420?

Facts:

A company sponsoring an event will exchange tickets for radio and television advertising. Tickets will also be exchanged for other promotional purposes.

Discussion:

The issue is whether or not the exchange of tickets for services constitutes a "paid admissions", subject to the tax.

Code Section 12-21-2410 reads:

For the purpose of this article and unless otherwise required by the context:

- (1) The word "admission" means the right or privilege to enter into or use a place or location;
- (2) The word "place" means any definite enclosure or location; and
- (3) The word "person" means individual, partnership, corporation, association or organization of any kind whatsoever. (emphasis added)

Code Section 12-21-2420 reads, in part:

There shall be levied, assessed, collected and paid upon all paid admissions to all places of amusement within this State a license tax of...four percent....

* * * *

The tax imposed by this section shall be paid by the person or persons paying such admission price.....

In summary, the tax is upon "all paid admissions" and the person paying the admission, whether that person is an individual, a partnership, or corporation, is the taxpayer with respect to the tax.

In addition, an Internal Revenue Service Revenue Ruling, 64-142, 1964-1 (Part 1) CB 397, with respect to the federal admissions tax (repealed 12/31/65), states:

An organization conducts sporting events to which tickets of admission are sold to the general public at established prices. Occasionally, the organization issues tickets to radio and television stations in exchange for spot announcements and other promotional services. Similarly, tickets are issued to newspaper companies in exchange for advertising space.

Held, the excise tax on amounts paid for admissions to any place, imposed by Section 4231(1) of the Internal Revenue Code of 1954, applied to the full established price of the tickets exchanged in the manner described (subject to the one dollar exclusion provided in that section), since these transactions are deemed to be sales of the tickets for a consideration.

The federal admissions tax "was based on 'the amount paid for admissions to any place.'" 26 RIA Federal Tax Coordinator [Paragraph] W-11019 (emphasis added)

In summary, the payment for an admissions to a place of amusement can be in money, goods or services.

Conclusion:

The exchange of tickets to a place of amusement for radio or television advertising, or other promotions, constitutes a "paid admissions" subject to the admissions tax, pursuant to Code Section 12-21-2420.

SOUTH CAROLINA TAX COMMISSION

s/S. Hunter Howard, Jr.
S. Hunter Howard, Jr., Chairman

s/A. Crawford Clarkson, Jr.
A. Crawford Clarkson, Jr., Commissioner

Columbia, South Carolina
September 21, _____, 1988