

## **INFORMATION BULLETIN #30**

### **SALES TAX**

**NOVEMBER 2011**

(Replaces Information Bulletin #30, dated June 1995)

**DISCLAIMER:** Information bulletins are intended to provide nontechnical assistance to the general public. Every attempt is made to provide information that is consistent with the appropriate statutes, rules, and court decisions. Any information that is not consistent with the law, regulations, or court decisions is not binding on either the Department or the taxpayer. Therefore, the information provided herein should serve only as a foundation for further investigation and study of the current law and procedures related to the subject matter covered herein.

**SUBJECT:** Entertainment Products

**REFERENCES:** IC 6-2.5-4-10; 45 IAC 2.2-4-27; 45 IA C 2.2-4-28; 45 IAC 2.2-4-29

### **INTRODUCTION**

Generally, a person is considered a retail merchant when selling, renting, or leasing entertainment products. Entertainment products include, but are not limited to, motion picture film, audio tape, video tape, videos, video cassette recorders, video game machines, video game cartridges, DVDs, compact discs, and stereo equipment. A person who sells, rents, or leases entertainment products must register with the Department as a retail merchant and collect and remit Indiana gross retail tax on all subject transactions.

### **Sale and Rental of Entertainment Products**

The sale of motion picture film, audio tape, video tape, DVDs, and other similar products is subject to sales tax, regardless of whether the product is used for public or private viewing. Likewise, the rental or leasing of entertainment products to a person not engaged in the movie theater or broadcast industry is subject to sales tax, even if the person imposes a "cover charge" to view the product (e.g., film).

However, the rental or leasing of motion picture film, audio tape, video tape, or similar products is exempt from sales tax if the person who pays to rent or lease the film or tape is regularly and ordinarily engaged in the business of broadcasting films or tapes to the general public for admission or for home viewing or listening.

***EXAMPLE:*** A person rents a motion picture film to show to attendees at an annual festival. No admission is charged to attend the event. The rental of the film is subject to tax.

***EXAMPLE:*** A movie theater leases a motion picture film to show as part of its business. The lease of the film is not subject to sales tax.

### **Late Fees**

Late fees assessed per day on the late return of entertainment products such as videos and video games are considered extensions of the underlying rental or lease and are subject to sales tax.

A handwritten signature in black ink that reads "John Eckart". The signature is written in a cursive style with a large, looping initial "J".

John Eckart  
Commissioner