
DEPARTMENT OF STATE REVENUE
Revenue Ruling #2010-04 ST
June 9, 2010

NOTICE: Under [IC 4-22-7-7](#), this document is required to be published in the Indiana Register and is effective on its date of publication. It shall remain in effect until the date it is superseded or deleted by the publication of a new document in the Indiana Register. The publication of this document will provide the general public with information about the Department's official position concerning a specific issue.

ISSUES

Sales Tax – Membership Fees

A company ("Taxpayer") is seeking an opinion as to whether sales tax must be charged on the annual membership fees charged by the company.

Authority: [IC 6-2.5-1-5](#); [IC 6-2.5-2-1](#); [IC 6-2.5-2-2](#); [IC 6-2.5-4-1](#).

STATEMENT OF FACTS

Taxpayer provides the following facts regarding its request for a revenue ruling. Taxpayer operates a shooting range in Indiana. In particular, Taxpayer further provides:

One of the items we sell [is] Annual Memberships. There is no tangible personal property associated with the membership, it just gives the customer the right to use the facilities, and a discount on some items purchased during the year. Any additional items purchased would incur sales tax as a normal retail transaction.

DISCUSSION

In general, [IC 6-2.5-2-1](#) imposes sales tax on retail transactions made in Indiana. Pursuant to [IC 6-2.5-2-2](#), the sales tax due on a retail transaction is measured against the gross retail income received by the retail merchant in the transaction. [IC 6-2.5-4-1](#) provides:

- (a) A person is a retail merchant making a retail transaction when he engages in selling at retail.
- (b) A person is engaged in selling at retail when, in the ordinary course of his regularly conducted trade or business, he:
 - (1) acquires tangible personal property for the purpose of resale; and
 - (2) transfers that property to another person for consideration.

Additionally, [IC 6-2.5-1-5\(b\)\(3\)](#) explicitly excludes from the definition of gross retail income the part of gross receipts attributable to discounts that are not reimbursed by a third party.

RULING

Based on the above authority and the facts as presented in Taxpayer's request for a Revenue Ruling, Taxpayer's sales of club memberships do not constitute a retail transaction subject to sales tax. Accordingly, the annual membership fees collected by Taxpayer, which allow for price discounts to members, are not subject to sales tax.

CAVEAT

This ruling is issued to the taxpayer requesting it on the assumption that the taxpayer's facts and circumstances as stated herein are correct. If the facts and circumstances given are not correct, or if they change, then the taxpayer requesting this ruling may not rely on it. However, other taxpayers with substantially identical factual situations may rely on this ruling for informational purposes in preparing returns and making tax decisions. If a taxpayer relies on this ruling and the Department discovers, upon examination, that the fact situation of the taxpayer is different in any material respect from the facts and circumstances given in this ruling, then the ruling will not afford the taxpayer any protection. It should be noted that subsequent to the publication of this ruling a change in statute, regulation, or case law could void the ruling. If this occurs, the ruling will not afford the taxpayer any protection.

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