



Sales Tax Exemptions

Resale Exemption – You may make purchases exempt from sales tax if the purchase is for resale in the regular course of business. The following general guidelines apply to retail sales of admissions:

- You may choose to pay tax to the ticket provider at the time of purchase. In that case you should not collect tax from your customers.
- You must collect sales tax from a buyer at the time you sell an admission ticket, if you did not pay tax to the ticket provider. The tax rate is determined by the location of the activity or event, not the ticket purchase location. The taxable amount is the amount you paid for the tickets, even if you sell them for a different price. You must report and pay the collected tax to the Utah State Tax Commission.
- If you purchase tickets tax-free for resale, and later withdraw the tickets from inventory for your own use, you must report and pay use tax, based on the cost of the tickets.

Entity-Based Exemptions – Sales or purchases which would otherwise be taxable may be exempt from sales tax depending on the type of entity making the sale or purchase. The following table shows how certain organizations should treat the resale or use of Lagoon tickets purchased tax-exempt:

| Entity type | If you resell the tickets... | If you use the tickets... |
|---|---|---|
| Religious or charitable institution, 501(c)(3) | You must pay sales tax to Lagoon or collect sales tax on the sale unless the sale is made in the conduct of your regular religious or charitable functions. | Your purchase is exempt from sales tax. |
| State of Utah government institution or subdivision (county, municipality, school district, etc.) | You must pay sales tax to Lagoon or collect sales tax on the sale. | Your purchase is exempt from sales tax if the purchase is for use in the exercise of an essential governmental function. |
| United States federal government institution | You must pay sales tax to Lagoon or collect sales tax on the sale. | Your purchase is exempt from sales tax. |
| Federal credit union | You must pay sales tax to Lagoon or collect sales tax on the sale. | Your purchase is exempt from sales tax. |
| Native American tribe | You must pay sales tax to Lagoon or collect sales tax on the sale. (Admission to Lagoon does not take place on your reservation, so the tribe member exemption does not apply.) | Your purchase is not exempt from sales tax because the admission to Lagoon does not take place on your reservation. |

Additional information may be found in Administrative Rules R865-19S-41, R865-19S-42, and R865-19S-43, Publication 25 and Publication 35. These references are on our website at tax.utah.gov.



Examples

Beginning July 1, 2015, the tax rate for Farmington, Utah increased from 6.50% to 6.60%. These examples use a 6.50% tax rate for Farmington, as that rate was in effect at the time you purchased the Lagoon tickets under review.

Example 1: A hotel purchases tax-exempt Lagoon tickets for resale to their customers with a markup on the price. Hotel management sometimes gives away tickets to employees as an incentive award. On ticket sales to customers, the hotel must collect and report 6.50% Farmington sales tax on the hotel's cost of the tickets, not the full price charged to customers. The hotel must also report 6.50% Farmington use tax on the cost of any tickets removed from inventory and given to employees. In the future, the hotel should not purchase the tickets tax-exempt.

Example 2: A high school purchases tax-exempt Lagoon tickets for a Senior Sluff Day. Each student attending is required to pay back the school for the cost of the ticket. The school is reselling the tickets to the students, and must collect and report 6.50% Farmington sales tax on the ticket sales.

Example 3: A high school purchases tax-exempt Lagoon tickets for a physics class trip. The school does not seek reimbursement for the cost of the tickets, but pays the way of the students. The purchase is for an educational function, so the purchase qualifies for the tax exemption.

Example 4: A high school purchases Lagoon tickets for a class trip, and pays tax on the tickets at the time of purchase. Each student on the class trip is required to pay back the school for the cost of the ticket. The school is reselling the tickets to the students, but tax was already paid on the purchase of the tickets, so the school does not need to collect any additional tax.

Example 5: A church purchases tax-exempt Lagoon tickets for use by their church members. The tickets are purchased with church funds, and the church gives the tickets away to the individual members without receiving reimbursement. The purchase qualifies for tax exemption as a purchase by a religious institution.

Example 6: A church purchases tax-exempt Lagoon tickets for use by their church members. The individual members reimburse the church for the cost of each ticket. The individual church member's purchase is not tax-exempt. The church is reselling the tickets, and the sale of tickets is not part of the church's regular religious function. The church must collect and report 6.50% Farmington sales tax on the ticket sales.

Example 7: A federal credit union purchases tax-exempt Lagoon tickets for resale to their members. The credit union sometimes gives away tickets to employees as an incentive award. On ticket sales to its members, the credit union must collect and report 6.50% Farmington sales tax on their cost of the tickets. The tickets removed from inventory and given to employees are exempt from use tax, since the credit union's purchases are exempt from sales tax.

Note: These examples are NOT all-inclusive. The examples are intended to provide you with general guidelines regarding the taxability of your sales and purchases.