

RENTALS OF MULTIPURPOSE FACILITIES

Sales and Use Tax

Fact Sheet 2107

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The rental of a multipurpose facility may be subject to Wisconsin sales and use tax if the multipurpose facility is used for an amusement, athletic, entertainment, or recreational purpose.

Examples of Multipurpose Facilities:

- Athletic Fields
- Auditoriums
- Banquet Halls
- Conference Centers
- Gymnasiums
- Parks
- Pavilions and Park Shelters
- Recreation Centers

When are rentals taxable?

Rentals of multipurpose facilities are taxable when the rental fee provides for access to or the use of the facility for an amusement, athletic, entertainment, or recreational purpose.

Taxable Rental Examples

- A large hall or banquet room is rented for a wedding reception.
- A baseball diamond is rented to a team for games and an admission is not charged.
- A pavilion is rented for a birthday or anniversary party.
- A business rents an auditorium to put on a free concert for its employees.

A chart at the end of this fact sheet summarizes the tax treatment of numerous multipurpose facility rentals.

When are rentals not taxable?

Rentals of multipurpose facilities are not taxable when any of the following apply:

1. The customer uses the facility for an event that is not amusement, athletic, entertainment, or recreational (e.g., religious meeting, political meeting, trade show, educational seminar, swimming lessons). See *Non-Taxable Rental Examples* below.

Records to Keep: The seller should keep records indicating how the facility was used, the amount it received, and the name and address of the person or organization that paid for use of the facility.

2. The customer is an organization that is exempt from tax (e.g., church).

Records to Keep: The seller must obtain one of the following:

- ✓ A copy of the invoice with the organization's Certificate of Exempt Status (CES) recorded on it. (Nonprofit organizations organized and operated exclusively for

religious, charitable, scientific, or educational purposes, or for the prevention of cruelty to children or animals, may apply to the Department of Revenue for a “Certificate of Exempt Status” and, if approved, will be issued a CES number by the department.)

- ✓ A fully completed exemption certificate (e.g., [Form S-211](#)) from the organization.
 - ✓ A copy of the purchase order from the organization, if the organization is a federal, Wisconsin state or municipal government agency, Wisconsin public school, or federally recognized Native American tribe or band in Wisconsin.
3. The facility will be used for an amusement, athletic, entertainment, or recreational event, but the person renting the facility sells admission to the event. See *Resale Examples* below.

Records to Keep: The seller must obtain a fully completed exemption certificate (e.g., [Forms S-211, S-211-SST](#)) from the customer claiming resale.

Non-Taxable Rental Examples

The rental of the facility is not taxable when the facility is rented to another person or persons who will conduct an event that is not amusement, athletic, entertainment, or recreational. The person may or may not charge admission to the general public to enter the facility. Examples are:

- An auditorium is rented to a religious group that conducts a one-week religious revival.
- A large hall or banquet room is rented to an organization that puts on a three-day trade show.
- A large facility is rented to a person or organization for a graduation ceremony.
- A convention center is rented to a company for a business convention (i.e., meetings and vendor exhibits).

Resale Examples

The rental of the facility is not taxable when the facility is rented to a promoter, business, or other person who will (1) convert it to a place of amusement, entertainment, or recreation; and (2) sell admissions to the public. The facility owner must obtain a fully completed exemption certificate from the promoter claiming resale (e.g., [Forms S-211, S-211-SST](#)). Examples are as follows (assuming conditions (1) and (2) are both met):

- An arena is rented on an annual basis to a professional basketball team and professional hockey team.
- An arena is rented on a daily basis to a professional basketball team or the operator of an ice show.
- A movie theater is leased to a theater operator under an annual lease.
- A portion of a building or performing arts center is rented to a theatrical group for a two-week period.
- A dance hall or ballroom is rented to a popular band for the night.
- A field is rented by a promoter of a rock festival.

Are Charges for Property or Services Provided with the Multipurpose Facility Rental Taxable?

Tangible personal property, such as chairs, tables, and stoves, may be rented with the multipurpose facility. The tax treatment of the property rental is as follows:

Property included in facility rental fee. If the seller does not charge an additional amount for the property and does not give a reduction in its multipurpose facility rental fee if the customer does not use the property, the charge for the property is a part of the multipurpose facility rental fee. If the multipurpose facility rental fee is taxable, any charge for property is taxable, unless an exemption applies (e.g., the customer holds a CES number).

Property rental is optional. If the charge for the tangible personal property is optional to the customer (a separate and optional charge is made for the rental of the tangible personal property, or the customer may rent the multipurpose facility without the tangible personal property for a lower amount), the rental of the tangible personal property is a separate sale from the rental of the multipurpose facility. The charge for the rental of the tangible personal property is subject to sales tax, unless an exemption applies (e.g., the customer holds a CES number).

Rental of property affixed to realty (e.g., dishwasher or microwave oven that is affixed to the realty). Charges for affixed property that is optional to the customer (a separate and optional charge is made for the rental of the affixed property, or the customer may rent the multipurpose facility without the affixed property for a lower amount) are not subject to sales tax, assuming that the seller is the owner of both the multipurpose facility and the affixed property.

Cleaning fees. If a cleaning fee is mandatory to rent the multipurpose facility (the customer will be charged the cleaning fee even if the customer cleans the multipurpose facility or hires another party to clean the multipurpose facility), the cleaning fee is a part of the multipurpose facility rental fee. If the multipurpose facility rental fee is taxable, any charge for cleaning is taxable, unless an exemption applies.

Any Questions?

If you are unable to find an answer to your question about sales and use taxes, email, write, or call the department.

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Multipurpose Facility Rentals

The chart below shows the general sales and use tax treatment of a multipurpose facility rented for a particular use. An assumption is made that the seller does not provide any meals, food, or beverages with the multipurpose facility.

Caution: The information on the following chart is a generalization for instructional purposes only. The facts and circumstances in any particular situation will determine the actual tax treatment for that situation and may differ from the treatment presented here.

Customer's Use of Facility	Sales Tax Treatment (T= Taxable; NT=Not Taxable)	Comments and Assumptions
Auction	NT	Assumes no entertainment is included.
Banquet (Athletic)	NT	Assumes primary purpose is only to provide a facility for dinner and gifts, awards, or prizes and no entertainment at event.
Banquet (Nonprofit Organization Annual Dinner/Awards)	NT	Assumes primary purpose is only to provide a facility for dinner and gifts, awards, or prizes and no entertainment at event.
Bingo	T *	
Blood Drive	NT	Assumes no entertainment at event.
Car Show	NT	Assumes no entertainment at event.
Circus	T *	
Class (e.g., Dog Training)	NT	Assumes no entertainment at event.
Class (e.g., Square Dancing Lessons)	NT	Assumes no entertainment at event.
Concert (Orchestra)	T *	
Concert (Religious Music)	T *	
Concert (Rock Music)	T *	
Contest (e.g., Cooking)	T *	Assumes no professional participants.
Convention (Professional)	NT	
Flea Market	NT	
Job Fair	NT	Assumes no entertainment at event.
Meeting (Company)	NT	
Party (e.g., Christmas Party, Anniversary Party, Birthday Party, Graduation Party)	T *	
Picnic (Company)	T	
Picnic (Family)	T	
Picnic (Church)	T *	Exempt if customer has CES number.
Picnic (Nonprofit Organization)	T *	Exempt if customer has CES number.
Play (Theatrical)	T *	
Practice (e.g., Soccer)	T *	Assumes no professional players.
Religious Service or Meeting	NT	
Reunion/Dance	T	
Reunion Dinner Only	NT	Assumes primary purpose is only to provide a facility for dinner and gifts, awards, or prizes and no entertainment at event.
Seminar (Training)	NT	
Show (e.g., Trade Show, Auto Show, Dog or Cat Show, Travel Show, Bridal Show, Gun Show, Antique Show, Horse Show, Art or Craft Show)	NT	Assumes no entertainment at event.
Storage of Construction Equipment	NT	
Swap Meet	NT	Assumes no entertainment at event.
Tournament (e.g., Bridge)	T *	Assumes no professional players.
Wedding Ceremony	NT	
Wedding Ceremony with Dance/Reception	T	
Wedding Ceremony with Dinner and Dance/Reception	T	
Wedding Ceremony with Dinner (no Dance/Reception)	NT	Assumes primary purpose is to provide a facility for a ceremony and dinner and no entertainment at event.
Wedding Dance/Reception	T	
Wedding Dinner	NT	Assumes primary purpose is to provide a facility for dinner and no entertainment at event.

* Note: Taxable, except when (1) rented to an organization that is exempt from tax, or (2) the facility is rented for resale, as described on page 1.

Last Updated October 4, 2017