



STATE OF ARKANSAS  
**Department of Finance  
and Administration**

**REVENUE LEGAL COUNSEL**

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August 10, 2020

[REDACTED]

RE: Taxability of Event Entry Fees  
Opinion No. 20191024

Dear [REDACTED],

This letter is in response to your correspondence on October 18, 2019, requesting a legal opinion from Revenue Legal Counsel. Your request for a legal opinion stated:

I just spoke with Brittany regarding whether entry fees for events (biking, running and similar outdoor activities) such as a 5K or a bike ride are subject to sales tax. She informed me they are not.

Could you provide a letter stating as such please. The online registration providers who event directors use to collect a person's entry into the race or ride are requiring a letter from the state sales agencies.

You have inquired whether a fee to participate in an outdoor biking, running, or similar activity is subject to sales tax. The fees are for the registration of the individual in order to take part in the biking or running activity, and they are not charged for an individual to spectate the event. If a member of the public wishes to spectate one of these activities, they are not charged any admission, fee, or ticket in order to spectate.

**RESPONSE**

As described more fully below, the registration fees you described are not subject to sales tax. This opinion will be limited to addressing the taxability of registration fees and will not apply to any occasions where vendors may be present selling merchandise.

The "Arkansas Gross Receipts" tax, also referred to as the "Sales Tax," is generally applicable to the sale of tangible personal property and certain enumerated services. Ark. Code Ann. § 26-52-301 (Supp. 2019). Tangible personal property is "personal property that can be seen, weighed, measured, felt, touched, or is in any other manner perceptible to the senses." Ark Code Ann. § 26-52-103(30)(A) (Supp. 2019); *see also* Arkansas Gross Receipts Tax Rule GR-3(Q). The statute defines a "sale" as "the transfer of either the title or possession, except in the case of a lease or rental for a valuable consideration, of tangible personal property . . . regardless of the manner, method, instrumentality, or device by which the transfer is accomplished." Ark. Code Ann. § 26-52-103(26)(A) (Supp. 2019). The tax is computed based on the total value of consideration paid


for the taxable property or service. *Id*; see also Ark. Code Ann. § 26-52-103(19) (Supp. 2019). Sales of services are not taxable in Arkansas unless the service is specifically enumerated by statute as a taxable service. Thus, if a specific service is not listed in a tax imposition statute, the sale of it is not taxable. Arkansas Code Annotated § 26-52-301 *et seq.* enumerates taxable services, which include “tickets or admissions to places of amusement or to athletic, entertainment, or recreational events, or fees for access to or the use of amusement, entertainment, athletic, or recreational facilities.” Ark. Code Ann. § 26-52-301(5) (Supp. 2019). The fees that are taxable in Arkansas are further described in Arkansas Gross Receipts Tax Rule GR-11, which provides:

The gross receipts or gross proceeds derived from all sales of tickets or admissions to places of amusement, or to athletic, entertainment or recreational events are subject to the tax. Fees for the privilege of having access to or the use of amusement, entertainment, athletic, or recreational facilities are subject to the tax; except such sales by municipalities are exempt. All admissions or fees paid for the privilege of having access to places of amusement, or to athletic, entertainment or recreational events are subject to tax, regardless of whether the fee charged is called a “membership” and allows access for one or more times, or for a fixed period of time. Tickets or admissions purchased by members for the purpose of having access to special entertainment events, even though these events may be held on a regular basis, are also subject to the tax regardless of who collects the fees for the ticket or admission.

The registration fees for participation in an outdoor activity such as a biking or running event do not fall within the circumstances set forth in Arkansas Gross Receipts Tax Rule GR-11 and, therefore, are not subject to sales tax. A one-time registration fee for participation in an organized race or fun run is not the same as a taxable fee for access to or for the use of amusement, athletic, entertainment, or recreational facilities. With respect to the registration fee for participation in an event such as a race or fun run, the fee is for the right to participate in the event and not for access to a particular athletic or recreational facility. This is different from the payment of an entrance or use fee to an athletic or recreational facility such as a gym, private cycling trail, or golf course, in which the fee would be subject to sales tax because the consumer would be paying for the right to access or use a particular athletic or recreational facility. In the circumstances described by your request, event organizers do not charge a fee to spectators for admission to the biking or running event. Generally, a fee for admission to attend an athletic event as a spectator would be subject to sales tax under Arkansas Gross Receipts Tax Rule GR-11.

You have not indicated whether any of the activities described by your request would include other events such as the sale of merchandise, food, beverages, or other items of tangible personal property. Therefore, this opinion is limited to those instances of participating in the outdoor activity and not any additional events.

While you did not indicate whether any of the outdoor activities are related to any fundraising or charitable activities, the Arkansas Gross Receipts Tax Rules relating to those activities may also be relevant to the outdoor activities. I have enclosed Arkansas Gross Receipts Tax Rules GR-24 and GR-39, which set forth the circumstances in which an organization’s fundraising and charitable activities may be exempt from sales tax, for your review.

  
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This opinion is based on my understanding of the facts as set out in your inquiry as those facts are governed by current Arkansas laws, rules, and regulations. Any change in the facts or law could result in a different opinion.

Sincerely,

Brad Young, Attorney  
Revenue Legal Counsel