

NEBRASKA SALES AND USE TAX INFORMATION FOR GOLF COURSES

OVERVIEW

Golf courses are retailers and must collect sales tax on their sales of all taxable property and services. These include golf equipment, cart rentals, admissions, concession sales, meals, alcoholic and non-alcoholic beverages, and items of clothing.

Memberships are generally treated as admissions and are taxable. Some memberships, however, are tax exempt (please see below for details).

Golf courses must pay sales tax on all items purchased and used or consumed during the course of business. If sales tax is not paid at the time of purchase, the golf course must pay consumer's use tax directly to the Nebraska Department of Revenue on items purchased.

Golf courses may purchase tax-free those items they will resell, rent, or lease to their customers.

This guidance document is advisory in nature but is binding on the Nebraska Department of Revenue (Department) until amended. A guidance document does not include internal procedural documents that only affect the internal operations of the Department and does not impose additional requirements or penalties on regulated parties or include confidential information or rules and regulations made in accordance with the Administrative Procedure Act. If you believe that this guidance document imposes additional requirements or penalties on regulated parties, you may request a review of the document.



This guidance document may change with updated information or added examples. The Department recommends you do not print this document. Instead, sign up for the [subscription service](http://revenue.nebraska.gov) at revenue.nebraska.gov to get updates on your topics of interest.

TERMS

Admission. The amount charged for entry to a location where amusement, recreation, or entertainment is provided. Admissions to golf courses sold as “memberships”, which allow access to the golf course or driving range without a fee, or for a reduced fee, are taxable.

Consumer's Use Tax. The tax imposed when you buy, lease, or rent items subject to sales tax where the tax has not been paid to the vendor. Use tax must be paid on purchases of items intended for resale (bought tax-free) when taken out of inventory and used by the golf course, even if the item will be returned to inventory after use (for example, golf carts).

Gross Receipts/Sales Price. The total amount of the sale, lease, or rental price without deduction for the cost of the property sold, labor or service costs, interest paid, or any other expense.

Membership. A person holds a membership in an organization provided the individual has at least the following participation rights: voting rights, the ability to hold office, and the ability to change the constitution and bylaws of the organization.

Retailer. Any seller, whether a business or individual, who makes retail sales in Nebraska.

Retail Sale. The sale of goods or taxable services to the end user for a consideration (payment) when the goods are delivered in (or the taxable service is performed in) Nebraska.

SALES BY GOLF COURSES

Admission (Taxable). The sale of admissions (green fees) is taxable. The tax may be included in the total price of the admission (see [Sales and Use Tax Regulation 1-044.03](#)). If the tax is included, a statement must appear on the receipt indicating this. When that statement does not appear on the receipt, then the golf course must post a sign that clearly shows the sales price plus the tax, creating the total amount due from the customer as an admission.

Membership (Taxable). A “membership” is taxable as an admission if the purchaser is simply allowed the right or privilege to access a golf course without a green fee or at a reduced fee.

Membership (Exempt). A membership is tax exempt if it includes certain participation rights of belonging to the organization. The necessary rights and privileges are defined in state law (see [Neb. Rev. Stat. § 77-2701.16 \[5\]](#)) as:

- 1 Voting rights;
- 2 The ability to hold office; and
- 3 The ability to change the constitution and bylaws of the organization.

Driving Range (Taxable). The charge for use of the driving range is a taxable admission, regardless of how the charge is determined. Usually, the charge for use of a driving range is based on the size of the bucket of range balls used by the golfer.

Green Fees (Taxable). The amount a golf course charges for green fees is considered an admission and is taxable.

Leagues (Taxable). Golf leagues that arrange for course times must pay tax on the green fees and other taxable charges. If the league merely arranges the course time and the golf course collects the green fees and other charges, the golf course must collect sales tax on the taxable amounts.

Charges to cover the golf course’s time to set up the league are tax exempt if separately stated on the invoice or receipt. The league does not collect tax on each of its individual member’s fees.

Food and Beverages (Taxable). Snack foods (e.g., chips, candy, peanuts, sandwiches, canned or bottled pop), that are sold in a snack shop, from a cart, or from a cooler on the course are taxable. Sales of these items are treated like admissions and the tax may be included in the sales price. The sales of alcoholic beverages are also taxable.

Food and all beverages, alcoholic and non-alcoholic, sold by a golf course restaurant or cafe are considered prepared food and are subject to sales tax.

Charges for catering food or drink are subject to sales tax. The amount subject to tax includes the amount for furnishing bartenders, waiters, waitresses, chefs, etc., even if these charges are separately stated at the time of billing.

Golf Lessons (Exempt). Golf lessons are tax exempt. Equipment used in a lesson and included in the lesson fee is also tax exempt.

Gratuities (Taxable). Gratuities or tips are only subject to sales tax when charged by the seller as a mandatory item on the invoice or receipt (for example, when the restaurant includes a mandatory amount of gratuity on the ticket, often for large groups).

Gratuities (Exempt). Gratuities or tips that are added to the invoice or receipt voluntarily by the purchaser are not subject to sales tax.

Handicapping Fees (Exempt). Handicapping fees are tax exempt. Fees charged for maintaining a player’s handicap are tax exempt.

Pro Shop Sales (Taxable). Sales of items such as clothing, clubs, balls, and other golf equipment are taxable. The material and labor charges for repair or replacement of golf equipment are taxable (e.g., replacement grips, custom grips on new clubs, and bag repairs).

Tournament Fees for Amateur Golfers (Taxable). Fees charged for tournaments sponsored by the golf course are taxable admissions unless the golf course requires separate payments for green fees. Amateurs must pay tax when they purchase equipment, clothing, food, drink, or any other items from the golf course or pro shop. Any admission charged to spectators of these events is taxable.

Charges to cover the golf course's time to set up the tournament are tax exempt if separately stated on the invoice or receipt.

Fees charged by a golf course to a third party sponsor of a tournament are taxable. This includes amounts charged for green fees and all other taxable charges paid by the sponsor of the tournament. If the sponsor is paid for some or all of the fees by the participants, the payment is tax exempt to the participant. However, if the golf course collects the fees directly from the participants, the fees are taxable to the participants.

Charges to Professional Golfers (Taxable). Golf professionals must pay tax when they purchase equipment, clothing, food, drink, or any other items from the golf course or pro shop. Any admission charged to spectators of professional golf tournaments is taxable.

Charges to Professional Golfers (Exempt). Green fees and/or entry fees paid by professional golfers to participate in a PGA-sanctioned event are tax exempt.

RENTALS MADE BY GOLF COURSES

Golf Equipment (Taxable). The rental of golf clubs or other golf equipment is subject to sales tax. The sales tax must be separately stated from the rental fee on the invoice or receipt.

Club House Banquet and Conference Room (Exempt). Charges for the rental of a club house banquet or conference room are not subject to tax, including amounts charged for tables, chairs, or equipment as part of the rental transaction.

Sales tax is not charged on the amount billed for announcers, coat check or door services, or other persons or services not connected with the preparation or serving of the food, meals, or beverages as long as the amount is separately stated on the invoice or receipt (see [Sales and Use Tax Regulation 1-083, Food Service](#)).

Banquet Equipment and Furnishings (Taxable). Charges for rental of equipment or furnishings, such as tables and chairs, are taxable, unless the charges for these items are part of a transaction to rent a banquet or conference room.

GPS Units and Laser Rangefinders (Taxable). Charges for renting global positioning system (GPS) units, laser rangefinders, and other devices used to determine the exact distance to the target, are taxable whether they are hand-held or attached to the cart. The sales tax must be separately stated from the selling price on the invoice or receipt, unless it is included as part of the charge for the cart.

Golf Carts (Taxable). Sales tax must be charged on the rental of motorized and hand-pulled golf carts. The sales tax must be separately stated from the rental fee on the invoice or receipt.

Cart Storage (Exempt). Cart storage and cleaning charges are tax exempt.

Trail Fees (Taxable). Trail fees charged by the golf course are taxable as an admission.

Bag Storage (Exempt). Bag storage and cleaning charges are tax exempt.

PURCHASES MADE BY GOLF COURSES

Taxable. Golf courses owe sales or use tax on all taxable property or services they purchase and consume in the regular course of doing business.

Examples of taxable purchases include but are not limited to: chemicals and fertilizers, grass seed, plants, shrubs, trees, mowers, electricity, telephone, cable television, building cleaning service, china, tables, chairs, computers, software, and magazine subscriptions. Other items that are taxable include items that will be given away, such as golf tees, ball markers, score cards, and scoring pencils.

Exempt. Items purchased for resale are tax exempt. To purchase items for resale, the golf course operator must complete a [Nebraska Resale or Exempt Sale Certificate, Form 13](#), section A, and provide it to the vendor at the time of purchase. Items that may be purchased for resale include, but are not limited to, golf clubs, pro shop merchandise, golf carts that will be rented, and disposable silverware, cups, and plates that will be sold with meals or concessions.

GENERAL TAX INFORMATION

Calculating Gross Receipts. Golf courses usually make some sales where the tax is included in the sales price, and other sales where the sales tax is separately stated. To complete the [Nebraska and Local Sales and Use Tax Return, Form 10](#), gross receipts and net taxable sales must be calculated without the tax included. Calculate the gross receipts from the sales of admissions and concessions, (tax included) by dividing the total amount charged by one plus the tax rate.

Example: Total charges for admissions and concessions for a month are \$2,500. The state and local tax rate at the location of the course is 7 percent. Divide the \$2,500 by 1.07 to arrive at taxable gross receipts of \$2,336.

The \$2,336 should be added to the sales from the pro shop, restaurant, etc., where tax was separately stated on the invoice or receipt, to arrive at gross sales, located on Form 10, line 1.

Consumer's Use Tax. When golf courses purchase taxable property or services and have **not** paid the Nebraska and applicable local sales tax, they owe consumer's use tax. Consumer's use tax may be paid on the golf course's Form 10. Please refer to line numbers 4, 5, and 10 on Form 10. Use tax is also due when items originally purchased for resale are withdrawn from inventory and used by the golf course or given away to customers.

Example 1: The golf course orders office supplies using an online out-of-state vendor. The vendor's invoice does not include any Nebraska or local sales tax. The golf course owes use tax on the entire charge for the office supplies, including shipping and handling charges.

Example 2: A golf cart is purchased with the intent that it be used as a rental to customers, and a properly completed Form 13 was given to the vendor at the time of purchase so that no tax was collected on the sale of the cart. After using the cart for a period of time as a rental, a decision is made to use the cart as a maintenance vehicle for employees. Use tax is due on the original purchase price of the cart when it is taken from inventory. If the cart is later placed back into inventory for rental, the future rental fees are subject to sales tax, even though use tax was previously paid. Each of these various "uses" of the cart involves a separate taxable transaction under Nebraska law.

RESOURCE LIST:

- ❖ [Nebraska and Local Sales Tax Information Guide](#)
- ❖ [Nebraska Consumer's Use Tax Information Guide](#)
- ❖ [Information Guide for Bars, Taverns, and Restaurants](#)
- ❖ [Nebraska Form 10 Information Guide](#)

<p>revenue.nebraska.gov 800-742-7474 (NE and IA), 402-471-5729 Nebraska Department of Revenue, PO Box 94818, Lincoln, NE 68509-4818</p>
--