

**This Revenue Notice was revoked and replaced on October 23, 2017
by Revenue Notice # 17-07.**

Minnesota Revenue Notice # 00-05

Sales and Use Tax – Golf, Country Club, and Athletic Club Memberships; Revocation of Revenue Notice # 98-24

This revenue notice updates and replaces Revenue Notice # 98-24 by providing clarification in the special charges section below.

Statutory Authority

Minnesota Statutes, section 297A.01, subdivision 3 (k), provides that for sales tax purposes, a sale includes the granting of membership in a club, association, or other organization if: (1) the club, association, or other organization makes available for the use of its members sports and athletic facilities (without regard to whether a separate charge is assessed for use of the facilities); and (2) use of the sports and athletic facilities is not made available to the general public on the same basis as it is made available to members. Taxable charges for granting of memberships include both one-time initiation fees and periodic membership dues.

One-time Initiation Fees and Periodic Membership Dues

All one-time initiation fees and periodic membership dues that a member must pay as a precondition to becoming a member of a club or as a condition to remain a member of a club are subject to Minnesota sales tax as sports and athletic membership dues and fees.

One-time initiation fees are nonrefundable payments required by a club from an individual as a precondition for the individual to become a member of the club. One-time initiation fees, whether paid as a lump sum amount or paid over a period of time, are taxable. Periodic membership dues are periodic payments required as a condition for the member to retain the rights and privileges of membership in a club. Payments are considered periodic if they are regularly due at average intervals not exceeding 12 months.

Special Charges

The following charges are not subject to sales tax (unless they are essentially one-time initiation fees or periodic membership dues): special assessments or capital surcharges charged in addition to regular one-time initiation fees or membership dues to fund specific capital improvements, redeemable equity contributions, stock purchase payments, or stock transfer fees.

Social membership one-time initiation fees and periodic membership dues are taxable. However, charges or penalties assessed when a member does not meet minimum spending requirements at the facility are not taxable if separately stated from any taxable charges.

Revenue Notice # 98-24 is hereby revoked.

Jennifer L. Engh
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