

# Minnesota Department of Revenue

## Revenue Notice # 17-07: Sales and Use Tax – Golf, Country Club, and Athletic Club Memberships – Revocation of Revenue Notice # 00-05

### Introduction

This Revenue Notice sets out the Department's position on the taxation of sports and athletic facility club memberships under *Minnesota Statutes* section 297A.61, subdivision 3(g)(4). This notice revokes and replaces Revenue Notice # 00-05, by providing clarification in the social membership section below.

*Minnesota Statutes* section 297A.61, subdivision 3(g)(4) provides that the sale of a club membership is taxable if:

- the club makes sports and athletic facilities available to its members (whether or not a separate charge is assessed for use of the facilities); and
- use of the facilities is not made available to the general public on the same basis as it is made available to club members.

Sports and athletic facilities include golf courses; tennis, racquetball, handball, and squash courts; basketball and volleyball facilities; running tracks; exercise equipment; swimming pools; and other similar facilities. One-time initiation fees and periodic membership dues are also taxable.

### Department Position

#### *One-time Initiation Fees and Periodic Membership Dues*

All one-time initiation fees and periodic membership dues that a member must pay to become or remain a member of a club are taxable.

- 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 are taxable, whether paid as a lump sum amount or paid over a period of time.
- 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 due at regular intervals, not to exceed 12 months.

#### *Social Memberships*

Social club memberships that do not afford the social member use of the sports or athletic facilities as part of the membership are not subject to tax under *Minnesota Statutes* section 297A.61, subdivision 3(g)(4).

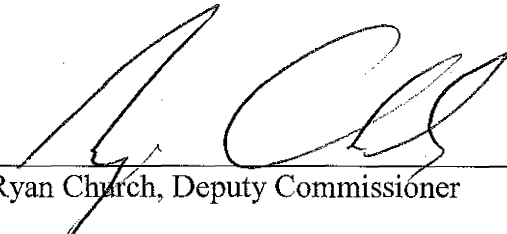
Any add-on charges to social members for use of the athletic facilities are taxable as the making available of an athletic facility under *Minnesota Statutes* section 297A.61, subdivision 3(g)(1).

*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 ordinary one-time initiation fees or membership dues to fund specific capital improvements, redeemable equity contributions, stock purchase payments, or stock transfer fees.

**Revenue Notice # 00-05 is hereby revoked.**

Publication Date: October 23, 2017

  
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Ryan Church, Deputy Commissioner