

## Adult Performance Business Tax

### **A New Privilege Tax Is Due on Admissions to Adult Performance Businesses**

Beginning July 1, 2018, a new privilege tax is due on all admissions to adult performance businesses. The tax due is two dollars per customer admitted to the business. Adult performance businesses should record and maintain records of the number of customers admitted each day and maintain such records for a period of no less than four years. Unless the law is amended, the tax will expire on July 1, 2021.

Adult performance businesses may, but are not required to, collect the privilege tax from their customers. However, if the privilege tax is passed on to customers, it should not be included when calculating the sales tax due on admission charges or other taxable sales. For example, if a business raises its admission charge by two dollars to pay for the new privilege tax, it should back out that amount before calculating the sales tax due on the admission charge.

### **Adult Performance Business Is Specifically Defined by Law**

The new law defines adult performance business as:

- 1) an adult cabaret or other adult-oriented establishment, as defined in Tenn. Code Ann. §§ 7-51-1102 and 7-51-1401;
- 2) that provides live nude entertainment or live nude performances for audiences of two or more individuals (the term "nude" is also specifically [defined in the new law](#)); and

- 3) that permits the consumption of beer, wine, liquor, or other alcoholic beverages on the premises.

### **Adult Performance Businesses Should File and Pay the Privilege Tax to the Department of Revenue Quarterly**

The tax will be due quarterly, on the 20<sup>th</sup> day of the month following the close of each calendar quarter. The first returns are due October 20, 2018, for the July through September period.

Subsequent returns and payments are due:

- January 20 (for the October - December period)
- April 20 (for the January - March period)
- July 20 (for the April - June period)

Adult performance businesses must pay and report manually, by check and on [paper returns](#) provided by the Department of Revenue. You may not file the tax through your TNTAP account. You will use your sales and use tax account location ID for the business location as the account number on the paper adult performance business tax return.

### **For More Information**

Visit [www.tn.gov/revenue](http://www.tn.gov/revenue). Click on Revenue Help to search for answers or to submit an information request to one of our agents.

### **References**

Tenn. Code Ann. § 67-4-1201; Tenn. Code Ann. § 67-4-1202; Public Chapter 764 (2018)