

SOP - Tax Exemption Procedures and Instruction

Tax exemptions are typically given to religious, school, and charity organizations. Whenever these organizations are interested in visiting the theatre and want to be exempt from paying sales tax, they will need to submit to you their valid tax exemption certificate. You will need to email a copy of this paperwork to Accounting (Morgan) and Ops (Scott, Billy, and Doug) for approval, the organization will not be given the tax exemption prior to approval from accounting or Ops. The email subject line needs to read Location name, Tax Exemption, date (ex. **BB16, Tax Exemption, 1.1.11**). If the organization calls you in advance, please make sure that they send you the proper paperwork prior to their arrival so that there will be no delays. Remember, very important, this procedure must be followed, and approval given before the tax-exempt button can be used. If you have a repeat organization that attends your location frequently you may keep their certificate on file so you do not have to request it from them each time but you will still need to send that certificate to Accounting and Ops each time and request approval. This will also help us keep track of how many times they are visiting the theatre location.

All Tax Exemptions amounts will go in the "Other Redeemed" column on the Nightly Paperwork Excel sheet for the day the organization paid for their tickets or concession. You will need to give an explanation in the comment section of the gross sheet and the nightly email that you had an approved Tax Exemption from accounting and operations, who the organization was, the total amount of their purchase, and the total amount of their exemption.

Instruction for completing a tax exemption sale are as follows. You select all items that they want to purchase at the Point of Sale. When you have all items totaled then you select Tax Exempt from the "Extra" Screen. This will then bring up a window that you will enter in the complete exemption they are due. You will need to calculate this exemption yourself, so it is wise to calculate it twice or have two managers do the calculation to make sure it is accurate. The easiest way to figure the exempted amount is you will take the total amount of the sale, divide it by the state sales tax amount to figure the total pre-tax. Then take the total and subtract the pre-tax total to get the total exemption amount, for example say the sale is \$100. You will then divide that by your State Sales Tax (we will use Indiana tax as an example which is 7% currently) (make sure if you are selling tickets that the state does actually tax them, currently Ohio does not tax ticket sales)

$$\text{\$100}/1.07 = \text{\$93.46}$$

$$\text{\$100} - \text{\$93.46} = \text{\$6.54}.$$

\$6.54 will be the tax exemption you will type into this screen

If you have any questions or you are unsure of the exemption amount contact accounting or Operations prior to finalizing the exemption transaction.