

Georgia Letter Ruling: LR SUT-2020-03  
Topic: Admissions  
Date Issued: February 6, 2020

This letter is in response to your request for guidance on the application of Georgia sales and use tax to certain charges by Taxpayer to potential and new independent business owners to attend certain meetings, seminars, and conventions.

### **Facts Presented by Taxpayer**

Taxpayer is an approved provider of training and education services for a multi-level marketing and distribution company which sells through authorized individual distributors. Any individual can become a distributor upon completion of the applicable training and provision of certain investment in product and educational materials.

Taxpayer organizes and operates various events to support educational and training needs of distributors. These events help distributors develop characteristics to contribute to the success of their businesses. All events are available by invitation only and are not open to the general public. Taxpayer has three main categories of events, which are described in more detail below.

#### *Small Group Meetings and Leader Meetings*

*Small Group Meetings* with potential and new distributors in hotel meeting rooms to introduce them to the business, describe what steps are needed to be successful, and discuss how long being profitable will take. The purpose of these meetings is to introduce the company system, explain company policies, walk through application forms, discuss how to use Taxpayer's website, and provide next steps for new and potential members.

*Leader Meetings* are meetings held the night before a *Seminar* (defined below) in the same city or at the same location as the *Seminar*. These meetings are meant for leaders to discuss their business successes and struggles, strategic planning, motivation, and other experiences. No Taxpayer employees or independent contractors attend these events.

A small fee of \$5 is charged at the door for both *Small Group Meetings* and *Leader Meetings* to help cover the cost of renting the space. No products are sold or provided during these events. Participants simply take notes in their own notebooks.

#### *Trainings and Seminars*

*Trainings* are one-day courses that teach distributors how to use specific products and offer additional sales techniques. These courses are purchased online, and no funds are collected at the door. Taxpayer arranges the training location for the course, which is generally in a hotel. No products are sold or provided during the *Trainings*.

*Seminars* are similar to *Trainings*, except they are larger in capacity and cover topics related to improving and managing a distributor's business and sales. Tickets for the *Seminars* are purchased online in advance of the event and cannot be purchased at the door. The distributors have the option, but are not required, to purchase books and learning materials regarding the covered topics at the *Seminar* events and the locations for these events are arranged by Taxpayer.

#### *Conventions*

*Conventions* are Taxpayer's largest events. They are held approximately every four months and can have between 2,000 to 15,000 attendees per event. Tickets for the *Conventions* are sold by pre-sale at a *Convention* for the next *Convention*, online, and at the door for the current *Convention*. Taxpayer employees sell products, such as books and training CDs, at the event and collect sales tax on such product sales. These product sales occur in separate transactions and are completely optional; they are not included in the fee for the *Convention*.

The *Conventions* are focused primarily on tips and techniques for improving sales, business and time management, skills needed to be successful in business, training to develop leadership skills, training and discussion on products, and sharing of testimonials for motivational purposes. Taxpayer's *Conventions* feature paid motivational speakers, but no professional live entertainment is provided. Taxpayer considers the *Conventions* to be primarily for educational and training purposes rather than for entertainment purposes.

### **Issues**

1. Are Taxpayer's charges for Small Group Meetings and Leader Meetings subject to sales and use tax in Georgia?
2. Are Taxpayer's charges for Trainings and Seminars subject to sales and use tax in Georgia?
3. Are Taxpayer's charges for Conventions subject to sales and use tax in Georgia?

### **Analysis**

Georgia levies and imposes a tax (subject to certain specific exemptions) on the retail purchase, retail sale, storage, use, or consumption of tangible personal property, certain enumerated services, and utilities.<sup>1</sup> "Retail sale" means any sale, lease, or rental for any purpose other than for resale, sublease, or subrent.<sup>2</sup> Sales of tickets, fees, or charges for admissions to places of amusement, entertainment, exhibition, display, and athletic contests and charges made for participation in games and amusement activities are specifically enumerated as retail sales and, accordingly, are subject to sales and use tax.<sup>3</sup>

Sales of services are not subject to sales and use tax unless the service is specifically designated as taxable. Professional, insurance, and personal service transactions are not taxable, even when such transactions involve a non-itemized sale of tangible personal property as an inconsequential element.<sup>4</sup>

In this case, Taxpayer coordinates events to provide attendees an understanding of its products and processes, guidance on how to achieve sales goals, and guidance on how to improve leadership, time management, and business skills and practices. Unlike customers purchasing tickets for an entertainment or exhibition event, distributors attend Taxpayer's event with the expectation of developing and advancing their business skills. Therefore, the events are akin to job training or continuing education conferences, and Taxpayer's charges for the events do not appear to be the type of charges contemplated as taxable sales.

### **Ruling**

1. Taxpayer's charges for Small Group Meetings and Leader Meetings are not subject to sales and use tax in Georgia.
2. Taxpayer's charges for Trainings and Seminars are not subject to sales and use tax in Georgia.
3. Taxpayer's charges for Conventions are not subject to sales and use tax in Georgia.

The opinions expressed in this ruling are based upon the information contained in your request and limited to the specific transactions, facts, circumstances and taxpayer in question. The facts herein are those presented by the taxpayer and the Department accepts them as true for this ruling. If the facts presented herein change, are not true, are different, or material facts have been omitted, the conclusions reached in this ruling may change. In addition, subsequent statutory or administrative rule changes or judicial interpretations of the statutes or rules upon which this advice is based may subject similar future transactions to a different tax treatment than that expressed in this ruling.

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<sup>1</sup> O.C.G.A. §§ 48-8-1, 48-8-2(31), and 48-8-30.

<sup>2</sup> O.C.G.A. § 48-8-2(31).

<sup>3</sup> O.C.G.A. § 48-8-2(31)(C) and (D).

<sup>4</sup> O.C.G.A. § 48-8-3(22).