

**M e m o r a n d u m****550.0680**

To: San Francisco – Aud. (LC/REP)

Date: January 28, 1965

From: Tax Counsel (PM)

This is in reply to your memo of October 14 regarding the taxability of admission charges.

In the first situation, the customer is required to buy a minimum of two drinks per person, the admission charge being billed separately as in the following example:

4 admissions (cover charge) at \$4.00	\$16.00
8 drinks (min. 2 per person) at \$1.50 ea.	<u>12.00</u>
	\$28.00

In the second situation, a theatre restaurant makes a separate admission charge at the door, but the patron is required to purchase a dinner upon admission.

It appears from these facts that in each instance the admission charge is not in the nature of a minimum charge for the food or drinks, since this is specifically covered by a separate item. Accordingly, it is our opinion that the admission charges may be excluded from taxable gross receipts. In other words, we do not believe the tax is applicable to separately stated charges for admission to a place furnishing entertainment, even though the patron upon admittance must pay a minimum amount for food or drinks.

PM:md [1b]