

## PAY TELEVISION

The *Arvada Municipal Code* imposes a sales/use tax upon the purchase price paid for pay television services. These services include, but are not limited to, cable, microwave, or other television service for which a charge is imposed. Retailers selling such services in the City must obtain a license and collect and remit Arvada sales tax.

Hotels who charge for pay television services, such as pay-per-view movies, must collect and remit *Arvada* sales tax on these charges.

### **Video Transmitted via Internet**

The definition of “pay television” includes “other television service for which a charge is imposed”. This broad category encompasses all charges for the transmission of visual images with accompanying sound including, but not limited to, charges for video content transmitted via the Internet. Charges for video transmitted via the Internet are taxable whether billed on a pay-per-view or a periodic subscription basis. Tax applies regardless of whether the content is viewed on a television set or using a computer, tablet computer, smart phone, or other internet connected device. Tax applies to both downloaded and streaming content.

### **Direct Broadcast Satellite**

Television services delivered via direct broadcast satellite meet the definition of taxable pay television services under the *Arvada Municipal Code*; however, Section 602 of the Telecommunications Act of 1996 precludes the City from taxing such services. Therefore, such services ***Sec.98-66 Property and service taxed (1) g. On The amount charged for pay television services*** are presently exempt from tax as the City is prohibited from taxing under the laws of the United States.

## EXAMPLES

1. AA Motel subscribes to a basic service from a provider for use by its guests at no charge. This service includes local TV channels, ESPN, CNN, and HBO, received via cable. Since these services are provide through cable and not satellite they are taxable to the motel, and is paid directly to the television service provider.
2. ZZ Motel contracts with an Arvada licensed pay-per-view company to provide movies to its guests on a pay-per-view basis. The motel's guests select from a list of movies and are charged \$6.95 per movie. A charge will appear on the guest's bill for the \$6.95 plus tax. The motel acts as a collection agent for the pay-per-view company, which in turn remits the tax to the City of Arvada.
3. A motel provides in-house movies to its guests for a charge. The motel is the provider of the service and is responsible to collect and remit the tax to the City of Arvada.

### **ARVADA MUNICIPAL CODE – Chapter 98 – Taxation**

#### **Sec. 98-66. - Property and service taxed.**

*There is hereby levied and there shall be collected and paid a tax in the amount stated in section 98-66 as follows:*

- (1) *On all sales and services taxable, including, but not limited to the following:*
  - g. *On the amount charged for pay television services.*

*THE ABOVE INFORMATION IS A SUMMARY IN LAYMAN'S TERMS OF THE RELEVANT ARVADA TAX LAW FOR THIS SUBJECT, INDUSTRY OR BUSINESS SEGMENT. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE ARVADA MUNICIPAL CODE. HOWEVER, THE TAX GUIDE SHALL BE USED IN CONJUNCTION WITH THE ARVADA MUNICIPAL CODE (CHAPTER 98) IN DETERMINING TAX LIABILITY.*