

# FAIRS, FESTIVALS, MARKETS AND SHOWS



Texas Comptroller of  
Public Accounts

Trade shows, arts and crafts shows, antique markets, gun shows and other types of markets, shows, fairs and festivals (including flea markets and swap meets) are considered temporary places of business for Texas tax purposes. Depending on the structure of the business, you may have responsibility for both sales and use tax and franchise tax. This publication provides basic information on both taxes.

This means that sellers at these types of shows, including sellers from outside Texas, are engaged in business and they need a Texas Sales and Use Tax Permit if they:

- sell taxable items or taxable services; or
- take orders for taxable items or taxable services; or
- use the show to promote sales of taxable items or taxable services.

A “seller” is a retailer, wholesaler, distributor, manufacturer or other person who sells, leases, rents or transfers ownership of taxable items or taxable services for consideration. See Rule 3.286 related to seller’s and purchaser’s responsibilities.

Promoters of these events are considered sellers and must hold a Texas Sales and Use Tax Permit. Promoters are also responsible for collecting and remitting the sales tax that should be collected by dealers, salespersons or individuals at these events, unless those persons either hold active Texas Sales and Use Tax Permits or qualify for the occasional sale exemption. See the *Documentation Required for Certain Occasional Sales* section, below.



## APPLYING FOR A TEXAS SALES AND USE TAX PERMIT

Complete the Texas Online Tax Registration Application to get a sales tax permit. Applications and information on what is needed to apply for a Texas sales tax permit are available on our website at [comptroller.texas.gov/taxpermit/](http://comptroller.texas.gov/taxpermit/). There is no fee for a permit. Please note that operating without a permit can be costly; the Comptroller may assess daily penalties for operating without a permit.

Use the seller’s home address or principal place of business address when applying for a sales tax permit for a flea market, trade show or other temporary place of business.

A “seller” is a retailer, wholesaler, distributor, manufacturer or other person who sells, leases, rents or transfers ownership of taxable items or taxable services for consideration.

FOR MORE INFORMATION,  
VISIT OUR WEBSITE  
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This publication is intended as a general guide and not as a comprehensive resource on the subjects covered. It is not a substitute for legal advice.

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## SALES TAX BOND

Some persons, such as those with previous state tax delinquencies, must provide a bond to ensure that tax collected is remitted to the Comptroller. The Comptroller's office will notify the permit applicant if a bond is required. The requirement can be met by a surety bond; cash; a letter of assignment or a letter of credit from a bank, savings and loan or credit union. If all taxes are paid promptly, the Comptroller's office will return the bond in two years.

## TEXAS TAX RATES

The Texas state sales and use tax rate is 6.25 percent. Cities, counties, special purpose districts and transit authorities may adopt local sales and use taxes of up to 2 percent that businesses collect along with the state sales or use tax. The total rate of tax collected cannot exceed 8.25 percent on the sale of a taxable item or taxable service.

## COLLECTING STATE AND LOCAL SALES AND USE TAXES

A seller must collect sales or use tax on the total sales price of taxable items or taxable services. The invoice must separately state the tax or clearly indicate the tax is included in the sales price.

Vendors who sell at different events in different cities or counties must collect tax based on the location of each event.

Tax rates are available on our website at <https://mycpa.cpa.state.tx.us/atj/addresslookup.jsp>.

For more information, see our Guidelines for Collecting Local Sales and Use Tax at [comptroller.texas.gov/taxinfo/taxpubs/tx94\\_105.pdf](https://comptroller.texas.gov/taxinfo/taxpubs/tx94_105.pdf).

Vendors who sell at different events  
in different cities or counties  
must collect tax **based on the  
location of each event.**

## SALES FOR RESALE AND EXEMPT SALES

A person who holds a sales tax permit can purchase items tax free that they will resell in the regular course of business. The purchaser should issue a properly completed Texas Resale Certificate (Form 01-339) to the seller. See Comptroller Rule 3.285(a)(2).

For more information, see Exempt Organizations – Sales and Purchases (Pub. 96-122) at [comptroller.texas.gov/taxinfo/taxpubs/tx96\\_122.pdf](https://comptroller.texas.gov/taxinfo/taxpubs/tx96_122.pdf).

## REPORTING SALES AND USE TAX

Persons holding a Texas Sales and Use Tax Permit must file a Texas Sales and Use Tax Return even if no tax is due or no sales are made.

Depending on the amount of tax collected, a seller may file monthly, quarterly or yearly. Returns and payments are due by the 20th day of the month following the report period. For example, the return for the first quarter (January, February and March) is due April 20.

Filing the return and paying the tax on time entitles the taxpayer to a timely filing discount equal to one-half percent of the tax collected as compensation.

A \$50 late filing penalty is assessed on every report filed after the due date. The \$50 penalty is due in addition to any other penalties assessed for the reporting period.

Companies can file online at [comptroller.texas.gov/webfile/](https://comptroller.texas.gov/webfile/) or download paper returns at [comptroller.texas.gov/taxinfo/taxforms/01-forms.html#Sales](https://comptroller.texas.gov/taxinfo/taxforms/01-forms.html#Sales).

Persons holding a  
Texas Sales and Use  
Tax Permit must file a  
**Texas Sales and  
Use Tax Return**  
even if no tax is due or  
no sales are made.

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## ADMISSIONS, BOOTH RENTALS AND PARKING FEES

Admission fees are subject to sales tax. The event promoter must collect sales tax on admission fees.

Booth fees, floor space fees and rental charges for selling/display space, by whatever name, are not subject to sales tax.

Parking fees are subject to sales tax. The entity operating the parking facility must collect sales tax on parking fees. The amount of the sales tax must be separately stated on the customer's bill, or there must be a written statement to the customer that sales tax is included in the sales price.

## ANTIQUE OR CRAFT MALLS AND MARKETS

For malls and markets where vendors rent space to sell, buy or trade their wares, the method of sales tax collection depends on the type of check-out system.

### CENTRALIZED CASH REGISTER:

If the market or mall has a centralized cash register or check-out, both the market itself and the individual sellers must have sales tax permits. The market or mall is responsible for collecting and remitting sales tax.

The market reports total sales, taxable sales and total tax collected for all vendors.

Vendors report the amount the market sells on their behalf only in the Total Sales field of the

sales and use tax return. For example, a vendor receives \$400 from the market or mall for sales for the month. The vendor would report the \$400 as total sales, but would not include the \$400 in taxable sales.

### NO CENTRALIZED CASH REGISTER:

If the market or mall does not have a centralized cash register or check-out, both the market itself and the individual sellers must have sales tax permits and are responsible for collecting and remitting sales tax on the sales they make.

The market's promoter may be held liable for taxes on sales made by vendors without a permit, so the promoter should ensure that each vendor has an active sales tax permit.

Vendors should report total sales, taxable sales and the tax collected. The market should report total sales, taxable sales and the tax collected for any vendors operating without a sales tax permit.

## OCCASIONAL SALES

Some individuals selling personal items may qualify for the "occasional sale" exemption. Individuals who make only occasional sales are not required to hold a sales tax permit or to collect tax on their sales of qualifying items.

The occasional sale exemption does not apply to individuals who:

- have, or are required to have, a Texas Sales and Use Tax Permit (or a similar permit from another state);
- are engaged in the business of making taxable sales (including artist or craftsmen who fabricate items for sale); or
- buy or otherwise obtain (including barter or trades) goods from others to resell them.

A person engaged in the business of making taxable sales may not claim an occasional sale exemption on the first two sales or on the first \$3,000 worth of taxable items sold in a calendar year.

The amount of the sales tax must be separately stated on the customer's bill, or there must be a written statement to the customer that **sales tax is included in the sales price.**

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## TYPES OF OCCASIONAL SALES

USE THIS CHART TO SEE IF THE OCCASIONAL SALE EXEMPTION APPLIES:

| If ...                                                                                             | and...                                                                                                                                                                                                                                                                                                                              | then ...                                                                                                                                |
|----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| you have a sales tax permit                                                                        | you sell taxable items                                                                                                                                                                                                                                                                                                              | sales tax is due (unless another exemption applies to the sale).                                                                        |
| you, as an individual or a business, do not have, and are not required to have, a sales tax permit | you make two or fewer sales per calendar year (regardless of the dollar amount of the sales)                                                                                                                                                                                                                                        | <ul style="list-style-type: none"><li>the \$3,000 limit does not apply and</li><li>you are not required to collect sales tax.</li></ul> |
| you are an individual who does not have, and is not required to have, a sales tax permit           | <ul style="list-style-type: none"><li>you sell taxable items during a calendar year that were originally bought for your personal use (or for use by a member of your family) and</li><li>the total amount of money received for those sales (no matter how many sales) does not exceed \$3,000 during that calendar year</li></ul> | you are not required to collect sales tax.                                                                                              |

Some individuals selling personal items may qualify for the **“occasional sale” exemption**.

Individuals who make only occasional sales are not required to hold a sales tax permit or to collect tax on their sales of qualifying items.

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### OCCASIONAL SALE EXEMPTION 1:

**T**ax Code Section 151.304(b)(1) allows an individual who does not have, or is not required to have, a Texas Sales and Use Tax Permit (or a similar permit from another state) to sell one or two taxable items or taxable services (other than an amusement service) during any 12-month calendar year, regardless of the price of the items.

This exemption only applies to sales made by individuals, businesses and others who do not regularly sell taxable items (such as businesses who ordinarily sell nontaxable services).

Under this provision, the sales price of the items does not matter. For example, an individual can sell a piano for \$4,000 and a bicycle for \$200 at a garage sale in the same calendar year. If they later decide to sell their used lawnmower before the end of that calendar year, they are required to obtain a sales tax permit and collect sales tax because that would be a third sale.

### OCCASIONAL SALE EXEMPTION 2:

**T**ax Code Section 151.304(b)(5) allows an individual who does not have, or is not required to have, a Texas Sales and Use Tax Permit (or a similar permit from another state) to have sales of up to \$3,000 in a calendar year of items that were originally acquired for personal use by the person or a family member of the person selling them. Under this provision, an individual can make as many sales as they like, as long as the items being sold were originally acquired for their personal use or their family's personal use, and they do not make more than \$3,000 on those sales during a calendar year.

For example, an individual may sell housewares at a garage sale in May and earn \$1,000. In August they sell their used bicycle to a neighbor for \$200. In December, they purchase admission to a gun show and sell a firearm to a vendor there for \$500. Those sales are more than two transactions in a calendar year, so the exemption provided by Section 151.304(b)(1) does not apply, but since

If an individual continues to sell taxable items after the **\$3,000 limit** is reached and has made more than two sales, they are considered engaged in business, and required to obtain a sales tax permit and must collect tax on all subsequent sales of taxable items, beginning with the first sale after the \$3,000 limit is reached.

the total amount earned from the sales was less than \$3,000 and all the items sold were originally purchased for the seller's or seller's family's personal use, the exemption provided by Section 151.304(b)(5) applies instead.

If an individual continues to sell taxable items after the \$3,000 limit is reached and has made more than two sales, they are considered engaged in business, and required to obtain a sales tax permit and must collect tax on all subsequent sales of taxable items, beginning with the first sale after the \$3,000 limit is reached.

This type of occasional sale exemption applies only to individuals. It does not apply to similar sales made by groups or organizations, such as student or church groups that collect items to sell at a garage-sale type event. Neither does the occasional sale exemption apply to "community-wide" type events that are coordinated or produced by a third party if the seller is required to pay a fee or commission in order to participate in the event (i.e., booth or space rental fees). In these situations, sales tax is required to be collected unless other exemptions apply.

## DOCUMENTATION REQUIRED FOR CERTAIN OCCASIONAL SALES

Sellers who qualify for the \$3,000 sales limit occasional sales tax exemption must give a letter to the promoter of the event with identifying information about the seller, including name, address, phone number and driver license.

The letter must specifically state the seller:

- is an individual selling their own previously taxed personal (used) property;
- is an individual who is not engaged in the business of selling taxable items; and
- has not earned more than \$3,000 from selling personal goods so far during the Calendar year.

Without this letter, the Comptroller's office will be unable to verify whether the seller was eligible to make tax-free occasional sales.

As with all exemptions, the seller is required to maintain records to document that the exemption applies.

## FRANCHISE TAX RESPONSIBILITY

Entities engaged in business in Texas are subject to the state franchise tax. Limited exceptions to this rule include sole proprietorships.

A non-Texas entity may qualify for a franchise tax exemption if:

- its only activity in Texas is soliciting orders at trade shows;
- the entity makes no more than five visits to Texas during its accounting year; and
- each visit is not more than 120 consecutive hours.

Companies can establish the exemption with the Comptroller's office by completing a Texas Nexus Questionnaire (Form AP-114). The company must notify the Comptroller in writing when it no longer qualifies for the exemption.

For more information about the tax, see the Franchise Tax Overview at [comptroller.texas.gov/taxinfo/taxpubs/tx98\\_806.html](http://comptroller.texas.gov/taxinfo/taxpubs/tx98_806.html). For more information about the exemption, see Texas Tax Code Section 171.084 and Franchise Tax Rule 3.583.

Sellers who qualify for the **\$3,000 sales limit occasional sales tax exemption** must give a letter to the promoter of the event with identifying information about the seller, including name, address, phone number and driver license.

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## HELPFUL LINKS AND MORE INFORMATION

Apply for a sales tax permit at [comptroller.texas.gov/taxpermit/](https://comptroller.texas.gov/taxpermit/).

Sales tax returns (Forms 01-114 and 01-116) are available at [comptroller.texas.gov/taxinfo/taxforms/01-forms.html#Sales](https://comptroller.texas.gov/taxinfo/taxforms/01-forms.html#Sales).

File a sales tax return and report sales and remit sales tax collected at [comptroller.texas.gov/taxinfo/sales/webfile\\_sales.html](https://comptroller.texas.gov/taxinfo/sales/webfile_sales.html).

Make account changes (address changes, close a sales tax permit) at [comptroller.texas.gov/taxinfo/sales](https://comptroller.texas.gov/taxinfo/sales).

Links to the Texas Tax Code and Comptroller rules are on our website at [comptroller.texas.gov/taxes/](https://comptroller.texas.gov/taxes/).

- Tax Code Section 171.084 *Franchise Tax Exemption for Trade Show Participants*
- Rule 3.285 *Resale Certificate; Sales for Resale*
- Rule 3.286 *Seller's and Purchaser's Responsibilities, including Nexus, Permits, Returns and Reporting Periods, Collection and Exemption Rules, and Criminal Penalties*
- Rule 3.583 *Margin: Exemptions*

Entities engaged in business in Texas are subject to the **state franchise tax**.

Limited exceptions to this rule include sole proprietorships.



## PUBLICATIONS

- *Guidelines for Collecting Local Sales and Use Tax* at [comptroller.texas.gov/taxinfo/taxpubs/tx94\\_105.pdf](https://comptroller.texas.gov/taxinfo/taxpubs/tx94_105.pdf)
- *Exempt Organizations – Sales and Purchases* at [comptroller.texas.gov/taxinfo/taxpubs/tx96\\_122.pdf](https://comptroller.texas.gov/taxinfo/taxpubs/tx96_122.pdf)

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