

1953

Summary of the President's 1954
Budget

Summary of the Budget of the National
Government of Canada for the Fiscal
Year Ending March 31, 1954

Preliminary Digest of Suggestions
for Internal Revenue Revision
Submitted to the Joint Committee
on Internal Revenue Taxation

Federal Excise-Tax and Collection Data

Estimates of Federal Receipts for
Fiscal Years 1953 and 1954

Digest of Testimony Presented Before
the Ways and Means Committee Relative
to the President's Recommendations
to Extend for Six Months the Excess-
Profits Tax

Excess Profits Tax

Excise Tax on Admissions

Examples Illustrating the Application
of Section 206 of H. R. 6426

Hearing - Reorganization of the Bureau
of Internal Revenue - September 25, 1953

1954

Summary of the President's 1955 Budget

Summary of Committee on Finance Hearings
on H. R. 8224, a Bill to Reduce Excise
Taxes, and for Other Purposes

Present Law Individual Income, Estate
Gift, and Excise Tax Rates

Historical Data Pertaining to the
Individual Income Tax 1913-54

Comparison of Tax Burdens and Rates
on a Single Person, a Head of Household,
and a Married Couple

1955

The Internal Revenue Service - Its
Reorganization and Administration

Federal Excise-Tax Data

Summary of the President's 1956 Budget

Data on Sections 462 and 452 of the
Internal Revenue Code of 1954

Renegotiation Act of 1951 as Amended
Through August 3, 1955

Cross-Reference Within the Internal
Revenue Code of 1954 as of January 1,
1956

Alternative Plans for Reducing the
Individual Income Tax Burden

1956

Report to the Subcommittee on Excise
Tax Technical and Administrative
Problems

Data on Minor Tax Bills Pending Before
the Committee on Finance on January 6,
1956

Report of the Joint Committee on
Internal Revenue Taxation Relating to
Renegotiation

Terminology of the Internal Revenue
Code of 1954

Application of the Tax on Transportation
of Persons to Foreign Travel Under
Present Law, H. R. 5265, as Passed by
the House of Representatives, and
H. R. 5265, as Passed by the Senate

Estimates of Federal Receipts for
Fiscal Years 1956 and 1957

Summary of the Senate Amendments to
Title II of H. R. 10660, the Highway
Revenue Act of 1956

Data on Title II of H. R. 10660, the
Highway Revenue Act of 1956

Renegotiation Act of 1951 Amended

STAFF DATA

EXCISE TAX ON ADMISSIONS

PREPARED BY THE

STAFF OF THE
JOINT COMMITTEE ON INTERNAL
REVENUE TAXATION

FOR USE OF THE

COMMITTEE ON FINANCE



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EXCISE TAXES ON ADMISSIONS

ADMISSION TAXES

The admissions tax was first imposed during World War I as an emergency measure. The rate was then 1 cent for every 10 cents or fraction thereof. In succeeding revenue acts admissions under certain amounts were exempted. These exempted amounts ranged from 10 cents in the Revenue Act of 1921 to \$3 in the Revenue Act of 1928. Under the Revenue Act of 1932 the exemption was lowered to 40 cents and in the Revenue Act of 1940 it was reduced to 20 cents. In October 1941 the exemption was eliminated except with respect to children's admissions under 10 cents. In 1944 the present rate became effective, which is 1 cent for each 5 cents or major fraction thereof on the price paid for the admission.

Under present law the following taxes are imposed on admissions:

1. Generally, 1 cent for each 5 cents or major fraction thereof, but admissions accruing to specified educational, religious, and charitable institutions and nonprofit organizations and all free admissions are exempt. In the case of reduced rate admissions, the tax applies to the actual amount paid.
2. Ticket broker sales in excess of the regular price: 20 percent of excess charge.
3. Leases of boxes or seats: 20 percent of amount charged for similar accommodations.
4. Excess charges by proprietor: 50 percent of excess charge.
5. Cabarets, roof gardens, etc.: 20 percent of taxable amount except admissions to ballrooms and dancehalls where serving of food, etc., is incidental to furnishing music and dancing privileges.

The bill, H. R. 157, provides that the admissions tax of 20 percent shall not apply to the amount paid to any motion-picture exhibition with respect to amounts paid, on or after the first day of the first month which begins more than 10 days after the date of enactment of this bill.

The staff estimates that in a full year of operation H. R. 157 will result in a gross revenue loss of \$200 million and a net revenue loss of \$100 million after making allowance for an increase in the revenue from income taxes due to this bill.

TABLE 1.—*Admission taxes*

[In thousands]

Fiscal year	Admissions, generally 1 cent for each 5 cents or major fraction	Ticket broker sales, 20 percent for amounts in excess of regular price	Leases of boxes or seats, 20 percent of amount charged for similar accommodations	Admissions sold by proprietors in excess of established price, 50 percent of such excess	Total admissions exclusive of admission taxes on roof gardens, cabarets, etc.	Roof gardens, cabarets, etc., 20 percent	Total admissions taxes
1946.....	\$341,500	\$1,021	\$296	\$374	\$343,191	\$72,077	\$415,268
1947.....	391,049	816	208	800	392,873	63,350	456,223
1948.....	383,627	751	197	527	385,101	53,527	438,628
1949.....	384,071	860	252	660	385,844	48,857	434,700
1950.....	369,663	749	217	614	371,244	41,453	412,697
1951.....	344,668	896	309	618	346,492	42,646	389,138
1952.....	328,896	1,067	350	504	330,817	45,489	376,306
1953 (estimate) ¹	306,900	1,875	370	855	310,000	45,000	355,000
1954 (estimate).....					300,000	45,000	345,000

¹ Estimated from actual collections for 1st 11 months.

NOTE.—Figures are rounded and may not add to totals.

Source: Commisssioner's annual reports, BIR.

TABLE 2.—*Motion-picture theaters: Number of admissions sold and tax collections, 1946-52*

[In millions]

	Number of admissions sold	Tax collections		Number of admissions sold	Tax collections
Calendar year—			Calendar year—Con.		
1946.....	4,284	\$300	1950.....	3,148	\$231
1947.....	3,903	280	1951.....	2,902	221
1948.....	3,450	249	1952.....	2,674	
1949.....	3,312	241			

NOTE.—The above are industry estimates.

TABLE 3.—*Number of 4-wall theaters and drive-ins operating at end of each period*

	Number of operating—		Total number of operating theaters		Number of operating—		Total number of operating theaters
	4-wall theaters	Drive-ins			4-wall theaters	Drive-ins	
Calendar year—				Calendar year—Continued			
1946.....	18,719	300	19,019	1951.....	16,150	2,830	18,980
1947.....	18,059	548	18,607	1952.....	15,347	3,276	18,623
1948.....	17,575	820	18,395	1953 to April.....	15,030	3,276	18,306
1949.....	17,367	1,203	18,570				
1950.....	16,904	2,202	19,106				

NOTE.—The above are industry estimates.

TABLE 4.—*Number of theaters closing since 1946 (4-wall and drive-in theaters)*

	Number closing		Number closing
Calendar year—		Calendar year—Continued	
1946.....	414	1951.....	886
1947.....	865	1952.....	973
1948.....	472	1953 (January through March).....	276
1949.....	460		
1950.....	692	Total.....	5,038

NOTE.—The above are industry estimates .

TABLE 5.—*Trend of admission income (excluding tax) for all the 4-wall theaters of the United States*

[(A) Theaters within primary television areas; (B) theaters within fringe television areas; (C) theaters within nontelevision areas]

[Dollars in millions]

Year	(A) Primary television		(B) Fringe television		(C) Nontelevision		Total of A, B, and C	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
1948.....	\$861.4		\$108.8		\$239.5		\$1,209.9	
1949.....	833.8	—3.2	107.1	—1.6	235.9	—1.5	1,176.9	—2.7
1950.....	644.1	—22.8	90.1	—15.9	244.7	+3.7	978.9	—16.8
1951.....	556.9	—13.5	90.0	— .05	248.4	+1.5	895.4	—9.5
1952.....	512.4	—8.0	84.2	—6.4	247.4	— .4	844.1	—5.7
Percentages above are from year to year								
1948-52 change.....	—40.5		—22.6		+3.2		—30.2	

NOTE.—The above are industry estimates.

TABLE 6.—*Financial statement for motion-picture theaters*

[In thousands]

	1946	1948	1952
Total income:			
Net to theaters on admissions after payment of 20 percent Federal tax.....	\$1,499,500	\$1,244,812	\$1,053,847
Concession rental and/or concession sales.....	34,489	104,564	201,285
Income total.....	1,533,989	1,349,376	1,255,132
Total expenses.....	1,208,989	1,205,876	1,201,632
Net income (before Federal income tax).....	325,000	143,500	53,500

NOTE.—The above are industry estimates.

