



# Sales and Use Tax on Amusement Machines

General information for business proprietors and owners of coin-operated amusement machines.

## Definitions

**Coin-operated Amusement Machine** – Any machine operated by coin, slug, token, coupon, or other similar device for the purpose of entertainment or amusement, such as:

- Coin-operated radios or televisions
- Telescopes
- Juke boxes or music machines
- Pool tables
- Mechanical rides
- Video games or pinball machines

**Operator** – Any person who possesses a coin-operated amusement machine for the purpose of generating sales through that machine and who is responsible for removing the receipts from the machine.

## What is Taxable?

Sales tax and applicable discretionary sales surtax are due on the receipts generated through coin-operated amusement machines, unless the receipts are exempt.

The purchase, lease, or rental of amusement machines, amusement machine parts, and repairs to amusement machines are subject to sales tax and surtax. Items purchased as prizes are subject to sales tax and surtax at the time of purchase.

The lease, rental, or license to operate an amusement machine at another person's location is subject to sales tax and surtax.

## What is Exempt?

Receipts from amusement machines operated by churches and synagogues are exempt.

## What Certificates are Required?

### **Sales and Use Tax Certificate of Registration (Form DR-11)**

Amusement machine operators must register as a dealer to collect and report sales tax and surtax. Operators with machines in multiple counties are required to register in each county in which their machines are located. If all the machines are located in one county, only one sales tax registration is required.

Businesses where amusement machines are operated must be registered as a sales and use tax dealer at that location to collect and report sales tax and surtax when the business property is leased, rented, or licensed to an operator for placement and operation of amusement machines. Only one sales and use tax *Certificate of Registration* is required for the business location.

You can register to collect and report tax through our website at [www.floridarevenue.com](http://www.floridarevenue.com). The site will guide you through an application interview that will help you determine your tax obligations. If you do not have Internet access, you can complete a paper *Florida Business Tax Application* (Form DR-1).

After we approve your registration, you will receive a *Certificate of Registration* (Form DR-11) and a *Florida Annual Resale Certificate for Sales Tax* (Form DR-13). If you are not filing electronically, we will mail paper tax returns to you. The *Florida Annual Resale Certificate for Sales Tax* is used for tax-exempt purchases you intend to resell. Florida law provides for criminal and civil penalties for fraudulent use of a *Florida Annual Resale Certificate for Sales Tax*.

### **Amusement Machine Certificate (Form DR-18C)**

Every physical location where coin-operated amusement machines are in operation must display a certificate authorizing the operation of a specified number of machines. The annual cost of the certificate is \$30 per machine at each location. To obtain certificates, submit an *Application for Amusement Machine Certificate* (Form DR-18). You must renew your certificate(s) before July 1 each year.

### **Who Collects, Reports, and Pays the Tax?**

The machine operator is responsible for:

- Obtaining and displaying the *Amusement Machine Certificate*;
- Removing the receipts from the machine;
- Paying sales tax and applicable surtax on the receipts from the machine; and
- Keeping proper records.

If the location business where amusement machines are operated does not own the machines, the location business is considered the operator, unless a written agreement between the business and the machine owner specifies that the location business is:

- The amusement machine operator;
- Responsible for removing the receipts from the machine;
- Responsible for paying the sales tax and surtax on the machine receipts; and
- Responsible for keeping proper records on the machine receipts.

When a written agreement between the location business and the machine operator specifies that the arrangement is a license to use real property, the location business is required to collect sales tax and surtax from the machine operator on the rental consideration paid for use of the real property on which the machines are operated. Sales tax and surtax is due on the total rental consideration, including any commission or percentage of machine receipts, received by the location business from the machine operator.

Machine operators who lease, rent, or license real property to place and operate an amusement machine may obtain a *Sales and Use Tax Direct Pay Permit* to self-accrue and pay sales tax and surtax directly to the Department on the rental consideration paid for the use of real property. To apply for a permit, submit an *Application for Self-Accrual Authority/Direct Pay Permit – Sales and Use Tax* (Form DR-16A).

Businesses that receive a *Sales and Use Tax Direct Pay Permit* from an amusement machine operator are not required to collect sales tax or surtax on the amount received from the operator for the lease, rental, or license to use real property.

### **How is Tax on Amusement Machine Receipts Calculated?**

Charges for the use of amusement machines are subject to sales tax and surtax at the rate imposed by the county where the machines are located. To calculate the sales tax and surtax:

1. Divide the **total receipts** from charges for the use of amusement machines by the divisor for the county in which the machines are located to compute **gross sales**.
2. Subtract **gross sales** from the **total receipts** to compute the amount of sales tax and surtax due.

No deduction is allowed for any amount for the lease or rental of the machine, or for the rental, lease, or license to use real property to operate an amusement machine, when computing the tax and surtax due on amusement machine receipts.

Sales/Surtax Rate	Amusement Divisor
6.0%	1.040
6.5%	1.045
7.0%	1.050
7.5%	1.055
8.0%	1.0600

**Example:** The total receipts from an amusement machine in a county with a sales tax and surtax rate of 6.5% is \$100.

**Example:** sales tax rate of 6% plus the county surtax rate of 0.5% = 6.5% rate

$\$100.00 \div 1.045 = \$95.69$  gross sales

$\$100.00 - \$95.69 = \$4.31$  sales tax and surtax due

### When is Tax Due?

Returns and payments are due the first day of the month and late after the 20th of the month following each reporting period, whether you are filing monthly, quarterly, twice a year, or yearly. If the 20th falls on a Saturday, Sunday, or state or federal holiday, returns and payments will be timely if they are postmarked on the first business day after the 20th. **Florida law requires you to file a tax return even if you do not owe sales and use tax.**

### Electronic Filing and Payment

We offer the use of our free and secure website to file and pay sales tax. You also have the option of buying software from a software vendor. For more information on electronic filing and payment options, visit our website.

You may voluntarily file and pay taxes electronically; however, if you pay \$20,000 or more in sales and use tax between July 1 and June 30 (the state fiscal year), you must use electronic funds transfer (EFT) for the next calendar year to pay your taxes.

If you make tax payments using electronic funds transfer (EFT), you must initiate electronic payments no later than 5:00 p.m., ET, on the business day before the 20th.

### Penalty and Interest

**Penalty** - If you file your return or pay tax late, a late penalty of 10 percent of the amount of tax owed, but not less than \$50, may be charged. The \$50 minimum penalty applies even if no tax is due. Penalty will also be charged if your return is incomplete.

**Additional Penalties** - A \$250 per machine penalty may be issued to the operator for failure to obtain and properly display a current *Amusement Machine Certificate*. A \$250 per machine penalty may be issued if the number of amusement machines shown on the *Amusement Machine Certificate* is less than the number of machines at that location. Also, a penalty of \$250 per machine may be issued to a business that is not the operator of any machine placed in the business without a current *Amusement Machine Certificate*.

**Interest** - A floating rate of interest applies to underpayments and late payments of tax. Current and prior period interest rates are posted on our website.

## Reference Material

**Tax Laws** – Our online Revenue Law Library contains statutes, rules, legislative changes, opinions, court cases, and publications. Search the library for section 212.05(1)(h), Florida Statutes, and Rule 12A-15.011, Florida Administrative Code, Coin-Operated Amusement and Vending Machines, and Other Devices.

**Brochures** – Download these brochures from our “Forms and Publications” page:

- *Sales and Use Tax on Tangible Personal Property Rentals* (GT-800038)
- *Sales and Use Tax on Commercial Real Property Rentals* (GT-800016)
- *Sales and Use Tax on Concession Stands* (GT-800003)
- *Sales and Use Tax on Vending Machines* (GT-800041)

Information, forms, and tutorials are available on our website: **[www.floridarevenue.com](http://www.floridarevenue.com)**

**To speak with a Department representative**, call Taxpayer Services at 800-352-3671, Monday through Friday, excluding holidays.

To find a **taxpayer service center** near you, go to:

**[www.floridarevenue.com/taxes/Pages/servicecenters.aspx](http://www.floridarevenue.com/taxes/Pages/servicecenters.aspx)**

**For written replies to tax questions**, write to:

Taxpayer Services – MS 3-2000  
Florida Department of Revenue  
5050 W Tennessee St  
Tallahassee FL 32399-0112

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