



Sales and Use Tax on Vending Machines

What is a Vending Machine?

A vending machine is a machine operated by coin, currency, credit card, slug, token, coupon, or similar device, which dispenses food, beverages, or other items of tangible personal property.

A vending machine operator is any person who possesses a vending machine for generating sales through the machine, who maintains the inventory in the machine, and removes the receipts from the machine.

What is Taxable?

Sales tax, plus any applicable discretionary sales surtax, is due on vending machine sales of food, beverages, and other items with a sales price of 10 cents or more, unless the sale is exempt.

The purchase, lease, or rental of vending machines, vending machine parts, and repairs to vending machines are subject to sales tax, plus any applicable discretionary sales surtax.

The lease, rental, or license to operate a vending machine at another person's location is subject to sales tax, plus any applicable discretionary sales surtax.

What is Exempt?

Drinking Water – Drinking water sold through a vending machine in bottles, cans, or other containers is exempt.

Churches and Synagogues – Receipts from vending machines operated by churches and synagogues are exempt.

Charitable organizations – Food and drinks sold for 25 cents or less through a vending machine maintained by a charitable organization qualified under sections 501(c)(3) or 501(c)(4), Internal Revenue Code, are exempt.

Schools – Food and beverages sold or dispensed through a vending machine in a student lunchroom, student dining room, or other area specifically used for student dining in schools offering grades K through 12, are exempt. However, when the vending machine is in a gymnasium, shop, teacher's lounge, corridor, or other area accessible to the public not meant for student dining, food and beverages sold through the machine are taxable.

What Certificates are Required?

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

Vending machine operators must register as a sales and use tax dealer in each county where they operate a vending machine.

You can register to collect, report and pay sales tax and discretionary sales surtax online at floridarevenue.com/taxes/registration. The online system will guide you through a series of questions to help determine your tax obligations. If you do not have internet access, you can complete a paper *Florida Business Tax Application* (Form DR-1).

As a registered sales and use tax dealer, a *Certificate of Registration* (Form DR-11) and a *Florida Annual Resale Certificate for Sales Tax* (Form DR-13) will be mailed to you. If you are not filing electronically, paper tax returns will be mailed to you. The *Certificate of Registration* must be displayed in a clearly visible place at your business location. The *Florida Annual Resale Certificate for Sales Tax* is used for tax-exempt purchases you intend to resell. If the goods bought for resale are later used (not

resold), you must report and pay use tax and surtax on those items. Florida law provides for criminal and civil penalties for fraudulent use of a *Florida Annual Resale Certificate for Sales Tax*.

Who Collects, Reports, and Pays the Tax?

The responsibilities of the vending machine operator are to:

- Remove the receipts from the machine;
- Pay sales tax, plus any applicable surtax, due on the receipts from the machine; and
- Keep proper records.

When a vending machine operator places and operates a vending machine at another business's location, the arrangement is the rental, lease, or license to use real property. The business owner of the location where the vending machine is operated is required to collect sales tax, plus applicable surtax, from the machine operator on the rental consideration paid for use of the real property on which the machines are operated. Sales tax, plus applicable surtax, is due on the total rental consideration, including any commission or percentage of machine receipts, received by the business owner from the machine operator.

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

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

How to Calculate Tax on Vending Machine Receipts

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

- 1) Divide the **total receipts** from sales made through the vending machines by the tax rate divisor for the county where the machines are located to compute **gross sales**.
- 2) Subtract **exempt sales** made through the vending machines (if any) from the **gross sales** to compute **taxable sales**.
- 3) Subtract **taxable sales** from the **total receipts** to compute the amount of sales tax and surtax due.

A deduction is not allowed for any amount paid for the lease or license of the machine, or the space (real property) to operate a vending machine, when computing the tax and surtax due on vending machine receipts.

Sales and Surtax Rate	Food and Beverage Divisor	Other Vended Items Divisor
6.0%	1.0645	1.0659
6.5%	1.0686	1.0707
7.0%	1.0726	1.0749
7.5%	1.0767	1.0791
8.0%	1.0808	1.0833

Example
The total receipts of \$100 are received from a soft drink vending machine located in a county with a combined sales and surtax rate of 6.5%. The food and beverage rate divisor is 1.0686.
$\$100 \div 1.0686 = \93.58 (gross sales) $\$100 - \$93.58 = \$6.42$ (sales tax and surtax due)
$\$93.58 \times .005 = \$.47$ (discretionary sales surtax) Report \$.47 surtax for this transaction on your <i>Sales and Use Tax Return</i> .

How to Report Tax

Sales tax and surtax due on vending machine receipts must be reported on a *Sales and Use Tax Return* (Form DR-15). Below is an example.

On **Line A**, report taxable vending machine sales of items other than food or beverages. **Do not** include vending machine sales of food or beverages.

Certificate Number: Florida		SALES AND USE TAX RETURN		HD/PM Date: / /	DR-15 R. 01/15		
		1. Gross Sales	2. Exempt Sales	3. Taxable Amount	4. Tax Due		
A.	Sales/Services	.	.	.	.
B.	Taxable Purchases	<i>Include use tax on Internet / out-of-state untaxed purchases →</i>		.	.		
C.	Commercial Rentals	.	.	.	.
D.	Transient Rentals	.	.	.	.
E.	Food & Beverage Vending	.	.	.	.
Transient Rental Rate:		Surtax Rate:		Reporting Period			
<div style="border: 1px solid red; padding: 5px; margin-bottom: 5px;"> Name Address City/St ZIP </div> <p>FLORIDA DEPARTMENT OF REVENUE 5050 W TENNESSEE ST TALLAHASSEE FL 32399-0120</p>		5. Total Amount of Tax Due		.			
		6. Less Lawful Deductions		.			
		7. Net Tax Due		.			
		8. Less Est Tax Pd / DOR Cr Memo		.			
		9. Plus Est Tax Due Current Month		.			
		10. Amount Due		.			
		11. Loss Collection Allowance		.	E-file/E-pay Only		
		12. Plus Penalty		.			
		13. Plus Interest		.			
		14. Amount Due with Return		.			
		Due: Late After:		9100 0 20179999 0001003031 0 499999999 0000 5			
		<input type="checkbox"/> Check here if payment was made electronically.					

On **Line E**, report taxable sales from food and beverage vending machines. **Do not** include vending machine sales of other items.

Filing and Paying Tax

You can file returns and pay sales and use tax, plus any applicable surtax, using the Department's online file and pay website at floridarevenue.com/taxes/filepay or you may purchase software from a software vendor. A list of software vendors is available on the Department's website at floridarevenue.com/taxes/eservices.

Returns and payments are due on the 1st 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 are timely if filed electronically, postmarked, or hand-delivered 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.**

When you electronically pay only or you electronically file and pay at the same time, you must initiate your electronic payment and receive a confirmation number no later than 5:00 p.m., ET, on the business day prior to the 20th. Keep the confirmation number in your records. The *Florida e-Services Calendar of Due Dates* (Form DR-659) provides a list of deadlines for initiating electronic payments on time and is available on the Department's website at floridarevenue.com/forms.

If you file your return or pay tax late, a late penalty of 10% of the amount of tax owed, but not less than \$50, may be charged. The \$50 minimum penalty applies also to businesses that file a late return even if no tax is due. Penalty will also be charged if your return is incomplete. A floating rate of interest applies to underpayments and late payments of tax. Interest rates are available on the Department's website at floridarevenue.com/taxes/rates

Updating Your Business Information

The quickest way to notify the Department of changes to your account, such as updates to your name, address or location, or when you temporarily suspend or resume business operations, is online at floridarevenue.com/taxes/updateaccount.

If you close or sell your business, **you must file a final return and pay all taxes due within 15 days** after closing or selling the business. Your final return must cover the period from your most recent return filing to the closing date.

Resources for Business Success: Partnership with SCORE

The Department is proud to partner with SCORE to provide tools and resources to help businesses succeed. SCORE is a nonprofit association of volunteer business counselors supported by the U.S. Small Business Administration. In partnership with SCORE, the Department presents webinars on topics that provide important information for your business. Webinars are available through the Department's website at floridarevenue.com/taxes/education.

Reference Material

Tax Rules – Administrative rules published in the *Florida Administrative Code (F.A.C.)* are available online at flrules.org. Search for rules:

- *12A-1.0011 – Schools Offering Grades K through 12; Parent-Teacher Associations; and Parent-Teacher Organizations*
- *12A-1.0115 – Sales of Food Products Served, Prepared, or Sold in or by Restaurants, Lunch Counters, Cafeterias, Hotels, Taverns, or Other Like Places of Business and by Transportation Companies*
- *12A-1.044 – Vending Machines*
- *12A-1.0911 – Self-Accrual Authorization; Direct Remittance on Behalf of Independent Distributors*
- *12A-15.010 – The Sale of Food, Drink, and Tangible Personal Property at Concession Stands*

Brochures - Download these brochures from floridarevenue.com/forms:

- *Sales and Use Tax on Amusement Machines (GT-800020)*
- *Sales and Use Tax on Commercial Real Property Rentals (GT-800016)*

Contact Us

Information, forms and tutorials are available on the Department's website at floridarevenue.com.

To speak with a Department of Revenue representative, call Taxpayer Services at 850-488-6800, Monday through Friday, excluding holidays.

Subscribe to Receive Updates by Email

Visit floridarevenue.com/dor/subscribe to sign up to receive an email when the Department posts:

- Tax Information Publications (TIPs).
- Proposed rules, including notices of rule development workshops and emergency rulemaking.
- Due date reminders for reemployment tax and sales and use tax.