



Sales and Use Tax on Vending Machines

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Definitions

Operator – Any person who possesses a coin-operated vending machine for the purpose of generating sales through that machine, who maintains the inventory in the machine, and removes the receipts from the vending machine.

Vending machine – 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.

What is Taxable?

Sales tax and applicable discretionary sales surtax are due on taxable sales of food, beverages, and other items with a sales price of 10¢ or more when made through a vending machine, unless the receipts are exempt.

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

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

What is Exempt?

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

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

Charitable Organizations – Food and drinks sold for 25¢ or less through a coin-operated 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 vending machines in a student lunchroom, student dining room, or other area specifically used for student dining in schools offering grades K through 12 are exempt. Food and beverages sold through vending machines in a gymnasium, shop, teacher's lounge, corridor, or other area accessible to the general public and not meant for student dining are subject to tax.

Parent teacher associations and parent teacher organizations for schools offering grades K through 12 that sell food or beverages through vending machines may pay tax to their suppliers on the items sold through the vending machines or pay sales tax and surtax on the vending machines receipts.

Who Must Register to Collect Tax?

Vending 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 vending 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 vending machines. Only one sales and use tax *Certificate of Registration* (Form DR-11) is required for the business location.

You can register to collect and report tax through our website at 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. 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 and Pays the Tax?

When a machine operator places a vending machine for operation at another person’s location, the arrangement is a license to use real property. The location owner is required to collect sales tax and surtax from the operator on the rental consideration paid for the use of the real property where 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 owner from the machine operator.

Machine operators who lease, rent, or license 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 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 a vending 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 Vending Machine Receipts Calculated?

Sales of food, beverages, and other items sold through a vending machine with a sales price of 10¢ or more are subject to sales tax and surtax at the rate imposed by the county where the machine is located. To calculate the sales tax and surtax:

1. Divide the **total receipts** from the vending 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.

Sales/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 from a soft drink 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 1.0686 = \93.58 gross sales
 $\$100.00 - \$93.58 = \$6.42$ 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 machine owner for failure to display the required notice.

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.

Notice Requirements

A notice must be displayed on the upper front of a food or beverage vending machine, or where it is easily seen by the public. Churches and synagogues are exempt from this requirement.

The wording on the notice must be the same as shown in the example. The type must not be smaller than 14 point bold face, and the words "cash reward" must not be smaller than 30 point.

Example of Required Notice

**NOTICE TO CUSTOMERS:
FLORIDA LAW REQUIRES THIS NOTICE TO BE POSTED ON ALL FOOD
AND BEVERAGE VENDING MACHINES.
Report any machine without a notice to 1-800-352-9273.**

**You may be eligible for a
CASH REWARD.
DO NOT USE THIS NUMBER TO REPORT PROBLEMS WITH THE
VENDING MACHINE SUCH AS LOST MONEY OR OUT-OF-DATE
PRODUCTS.**

Reference Material

Tax Laws – Our online Revenue Law Library contains statutes, rules, legislative changes, opinions, court cases, and publications. Search the library for:

- Rule 12A-1.0011, Florida Administrative Code (F.A.C.) – Schools Offering Grades K through 12; Parent-Teacher Associations; and Parent-Teacher Organizations
- Rule 12A-1.0115, F.A.C. – 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
- Rule 12A-1.044, F.A.C. – Vending Machines
- Rule 12A-1.0911, F.A.C. – Self-Accrual Authorization; Direct Remittance on Behalf of Independent Distributors
- Rule 12A-15.010, F.A.C. – The Sale of Food, Drink, and Tangible Personal Property at Concession Stands

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

- *Sales and Use Tax on Amusement Machines* (GT-800020)
- *Sales and Use Tax on Commercial Real Property Rentals* (GT-800016)
- *Sales and Use Tax on Concession Stands* (GT-800003)

Information, forms, and tutorials are available on our website: 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

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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