

Chapter 03 Coin Operated and Vending Machines

100 Definitions

101 A “vending machine” is a coin, currency or credit card operated device that is used to sell tangible personal property without requiring the vendor’s attendance at the time of the sale.

102 "Full service vending machine operators" or "full line vendors" are persons in the business of placing vending machines and selling tangible personal property through the machines. A space rental fee is paid to the business owner of the property where the machine is placed. A person placing a vending machine on their own property is not a full line vendor.

103 (Reserved)

200 Business Owners

201 Sales of tangible personal property made through vending machines, owned by the business where the machines are located are taxable at the regular retail rate of tax on the gross proceeds of sales when the business owner controls the collection of receipts.

202 Persons in the business of selling tangible personal property through vending machines may make purchases of merchandise exempt from sales tax.

203 The owner of the premises shall keep records showing the gross receipts of each machine located on the premises.

204 (Reserved)

300 Full Line Vendors

301 Sales of merchandise, excluding sales of food or drink for human consumption, through vending machines serviced by full line vendors are subject to the seven percent (7%) regular retail rate of tax based on the gross proceeds of such sales.

302 Sales of food and drink for human consumption made through vending machines that only contain food and drink, and are serviced by full line vendors, are not taxable. Food and drink for human consumption withdrawn from inventory by full line vendors to be placed in full service vending machines is taxable at the 8% wholesale rate of tax based on the cost. The tax liability accrues to the full line vendor at the time of withdrawal and should be remitted to the State in the same manner as any other sales tax collected by the full line vendor on taxable sales.

303 The receipts from machines containing only food and drink for human consumption provided by full line vendors are exempt from the seven percent (7%) retail tax.

- 304 Sales of food or drink for human consumption and other merchandise when sold from the same vending machine are subject to the seven percent (7%) regular retail rate of tax based on the gross proceeds of such sales. The eight percent (8%) wholesale rate based on the cost of withdrawal of inventory of food and drink for human consumption does not apply.
- 305 All full line vendors must obtain a sales tax permit to engage in business. This permit is sufficient for all machines operated by one owner, regardless of location. This sales tax license or permit is in addition to all other city, county and state privilege licenses or permits that may be required.
- 306 Complete records must be kept by the full line vendor showing the location of each machine, date of installation, and date of removal from any location, and also the purchases and inventories of merchandise bought for all vending machines and gross receipts derived from the operations at each location.
- 307 (Reserved)
- 400 Amusement and Music Machines
- 401 Income received from the operations of amusement and music machines is exempt from sales tax. However, clear and adequate records must be maintained by the owner of the machines to substantiate their claims for exemption.
- 402 (Reserved)
- 500 Purchases of Equipment and Supplies
- 501 The owners of vending machines whether for vending, amusement or music are the users of such property and as such are required to pay the regular retail rate of sales or use tax on all purchases of machines, machine parts, phonograph records, needles and other accessories or supplies.
- 502 (Reserved)

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102 "Full service vending machine operators" or "full line vendors" are persons in the business of placing vending machines and selling tangible personal property through the machines. A space rental fee is paid to the business owner of the property where the machine is placed. A person placing a vending machine on their own property is not a full line vendor.

103 (Reserved)

200 Business Owners

201 Sales of tangible personal property made through ~~coin-operated~~ vending machines, owned by the business where the machines are located are taxable at the regular retail rate of tax on the gross proceeds of sales when the business owner controls the collection of receipts.

202 Persons in the business of selling tangible personal property through vending machines may make purchases of merchandise exempt from sales tax.

203 The owner of the premises shall keep records showing the gross receipts of each machine located on the premises.

204 (Reserved)

300 Full Line Vendors

301 Sales of merchandise, excluding sales of food or drink for human consumption, through vending machines serviced by full line vendors are subject to the seven percent (7%) regular retail rate of tax based on the gross proceeds of such sales.

302 Sales of food and drink for human consumption made through vending machines that only contain food and drink, and are serviced by full line vendors, are not taxable. Food and drink for human consumption withdrawn from inventory by full line vendors to be placed in full service vending machines is taxable at the 8% wholesale rate of tax based on the cost. The tax liability accrues to the full line vendor at the time of withdrawal and should be remitted to the State in the same manner as any other sales tax collected by the full line vendor on taxable sales.

303 The receipts from machines containing only food and drink for human consumption provided by full line vendors are exempt from the seven percent (7%) retail tax.

304 Sales of food or drink for human consumption and other merchandise when sold from the same vending machine are subject to the seven percent (7%) regular retail rate of tax based on the gross proceeds of such sales. The eight percent (8%) wholesale rate based on the cost of withdrawal of inventory of food and drink for human consumption does not apply.

305 All full line vendors must obtain a sales tax permit to engage in business. This permit is sufficient for all machines operated by one owner, regardless of location. This sales tax license or permit is in addition to all other city, county and state privilege licenses or permits that may be required.

Vending Machines

~~100~~ Vending Machines. Sales of tangible property made through coin-operated vending machines, except full service machines containing food and drink for human consumption, owned by the business where the machines are located are taxable at the regular retail rate of tax on the entire receipts gross proceeds of sales regardless of the manner in which such receipts are divided between the parties concerned. The gross proceeds of retail sales of food and drink for human consumption made through vending machines, service by full line vendors, are NOT taxable.

~~101~~ "Full service vending machine operators" or "full line vendors" are persons in the business of making sales through vending machines by placing the merchandise in the machine, taking the money and paying the location owner a space rental fee.

~~102~~ Where the merchandise contained in a vending machine, except machines containing ONLY food or drink for human consumption, is owned by a person other than the proprietor of the business in which the machine is placed and the merchandise owner (operator) has full control over collection of the receipts, such merchandise owner is liable for the tax on the machine sales and must obtain a sales tax permit to engage in business. This permit is sufficient for all machines operated by one owner, regardless of location. This sales tax license or permit is in addition to all other city, county and state privilege licenses or permits that may be required.

103306 Complete records must be kept by the ~~operator~~ full line vendor showing the location of each machine, date of installation, and date of removal from any location, and also the purchases and inventories of merchandise bought for all vending machines and gross receipts derived from the operations at each location.

~~104~~ The owner of the premises shall keep records showing a gross take of each machine located on his premises, and a record of the commissions or rents received at the time the money is removed from the machine by the operator.

1053067 (Reserved)

400 Amusement and Music Machines

401 ~~Amusement and Music Machines.~~—Income received from the operations of amusement and music machines is exempt from sales tax. However, clear and adequate records must be maintained by ~~both~~ the owner of the machines ~~and the owner of the premises where such machines are located~~ to substantiate their claims for exemption.

201402 (Reserved)

Purchase of Merchandise for Resale

~~300~~ ~~Purchase of Merchandise for Resale.~~ Persons (operators) in the business of selling tangible property through coin-operated vending machines are considered "dealers" in such property and may make purchases of merchandise exempt from sales tax.

~~301~~—~~Merchandise withdrawn from inventory by dealers (operators) to be placed in full service vending machines is taxable at the 8% wholesale rate of tax based on the cost of such merchandise. The tax liability accrues to the dealer at the time of withdrawal and should be remitted to the State with the same report and in the same manner as any other sales tax collected by the dealer on taxable sales. Sales of merchandise to qualified retailers for resale are NOT not taxable. Sales of merchandise to consumers, except those made through full service vending machines, are subject to the regular retail rate of tax based on the gross proceeds of such sales.~~

~~302~~—(Reserved)

500 Purchases of Equipment and Supplies

400501 ~~Purchase of Equipment and Supplies.~~—The owners of ~~coin-operated vending~~ machines (~~whether for~~ vending, amusement or music) are the users of such property and as such are required to pay the regular retail rate of sales or use tax on all purchases of machines, machine parts, phonograph records, needles and other accessories or supplies.

401502 (Reserved)

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