



# Sales and Use Tax on Amusement Machines

**What business proprietors and owners of coin-operated amusement machines need to know.**

## 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

**Dealer** – Anyone who must register to collect and pay sales tax to the State of Florida.

**Lease/License** – The privilege to use real property or tangible personal property for any lawful purpose.

**Real Property** – The surface land, improvements to land, and fixtures; i.e., “realty” and “real estate.”

**Tangible Personal Property** – Property that can be seen, weighed, measured, touched, or is in any way perceptible to the senses.

## What Is Taxable?

**Sales** – Sales tax and applicable discretionary sales surtax are due on the receipts from the use of coin-operated amusement machines.

**Machine Rental** – The lease or license to use an amusement machine is taxable. The machine owner (lessor) collects the tax from the operator (lessee). The sales tax and surtax are based on the lease amount.

**Real Property Rental** – If the machine owner is also the operator and places the machine at another person’s location, the arrangement between the operator and the location owner is a taxable lease or license to use real property. The location owner (lessor) collects the sales tax and surtax from the machine operator (lessee); tax is based on the lease amount.

## What Is Exempt?

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

## Certificates and Registration Required

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 before July 1 each year.

The operator must register for sales and use tax in order to purchase an amusement machine certificate. You can register to collect and/or report tax through our Internet site at [www.myflorida.com/dor](http://www.myflorida.com/dor). 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 *Application to Collect and/or Report Tax in Florida* (Form DR-1).

Operators with machines in multiple counties need a separate registration for each county in which their machines are located. If all the machines are located in one county, you only need one registration.

A \$250 per machine penalty may be issued to the operator for failure to get and properly display an amusement machine certificate. A \$250 per machine penalty may be issued if the number of amusement machines shown on the certificate is less than the number of machines at that location. Also, a penalty of \$250 per machine may be issued to the lessee (when the lessee is not also the operator) of any machine placed in a business without a current amusement machine certificate.

## **Who Collects and Remits the Tax?**

The machine operator is responsible for:

- Removing the receipts from the machine.
- Paying the tax on the gross receipts from the machine, without deducting rent, license fees or other costs.\*
- Obtaining and displaying the amusement machine certificate.
- Keeping proper records.

If the machine owner is also the business proprietor where the machine is operated, the business proprietor is considered the operator.

If the business proprietor where the machine is located does not own the machine, the business proprietor is considered the lessee and “operator” unless otherwise stated in a written agreement between the business proprietor and machine owner. The written agreement must list:

- Who is the machine “operator.”
- Who is responsible for keeping records and paying the tax on machine receipts.
- Whether the arrangement is a lease of tangible personal property or a license to use real property.

**\*Exception:** If the written agreement between the machine owner and the business proprietor does not state who is responsible for paying the tax, the business proprietor must pay the tax regardless of who is responsible for taking the receipts from the machine.

**Machine Lease or License** – The agreement between the machine owner and the business proprietor is viewed as a lease of tangible personal property. The business proprietor must pay sales tax on the lease of the machine to the machine owner, who then pays the tax to the Department.

However, if the parties state in writing that the arrangement is a license to use real property, the machine owner/operator pays the tax on the license fee to the business proprietor, who then

pays the tax to us. A machine operator can get a direct pay permit from us and self-accrue and pay the tax due on the license to use real property. This relieves the business proprietor of the obligation to collect tax. To apply for a permit, submit an *Application for Self-Accrual Authority/Direct Pay Permit – Sales and Use Tax* (Form DR-16A). You can get this form from our web site.

### How Is Tax Calculated?

If you operate amusement machine(s), compute your gross sales by dividing the total receipts from the machine(s) by the appropriate tax rate divisor for the county(ies) where the machine(s) is located. See table below.

**If your sales tax rate is:      Then your gross receipts divisor is:**

|       |        |
|-------|--------|
| 6%    | 1.040  |
| 6.25% | 1.0425 |
| 6.5%  | 1.045  |
| 6.75% | 1.0475 |
| 7%    | 1.050  |
| 7.25% | 1.0525 |
| 7.5%  | 1.055  |
| 7.75% | 1.0575 |
| 8.0%  | 1.0600 |

Gross receipts divided by your gross receipts divisor equals gross sales. Gross receipts minus gross sales equals the tax due.

**Example**

$$\$100.00 \div 1.045 = \$95.69 \text{ gross sales}$$

$$\$100.00 - \$95.69 = \$4.31 \text{ tax due (including discretionary sales surtax)}$$

$$\$95.69 \times .005 = \$.48 \text{ (discretionary sales surtax)}$$

The sales tax rate of six percent plus any applicable discretionary sales surtax is collected on the amount paid for the lease of the machines, license to use the real property (commissions paid to the owners of real property), taxable purchase of amusement machines, repairs, and parts.

### When Is Tax Due?

Returns and payments are due on the 1st and late after the 20th day of the month following the month the receipts are removed from the amusement machine. For example, if the receipts are removed on the 1st of one month, then tax is not due until the 1st of the next month.

## Reference Material

**Tax Laws** – Our online Tax Law Library contains statutes, rules, legislative changes, opinions, court cases, and publications. Search the law library for section 212.05(1)(h), Florida Statutes, *Sales, Storage, Use Tax* 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:

- *Tangible Personal Property Rentals*
- *Commercial Real Property Rentals*
- *Concession Stands*
- *Vending Machines*

## For Information and Forms

Information and forms are available on our Internet site at: [www.myflorida.com/dor](http://www.myflorida.com/dor)

To speak with a Department of Revenue representative, call Taxpayer Services, Monday through Friday, 8 a.m. to 7 p.m., ET, at 800-352-3671.

Persons with hearing or speech impairments may call our TDD at 800-367-8331 or 850-922-1115.

For a written reply to tax questions, write:

Taxpayer Services  
Florida Department of Revenue  
5050 W Tennessee St Bldg L  
Tallahassee FL 32399-0112

## Get the Latest Tax Information

Sign up to get e-mail notices automatically when we post:

- Tax Information Publications (TIPs).
- *Facts on Tax*, a quarterly publication.
- Proposed rules, notices of rule development workshops, and more.

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