



# Sales and Use Tax on Vending Machines

What owners and operators of coin-operated vending machines need to know.

## Definitions

**Dealer** – Anyone registered to collect and pay sales tax to the State of Florida.

**Food and beverages** – Include milk, natural juice, food, gum, candy, hot chocolate, coffee, soft drinks, and tea.

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

**Operator** – Anyone who owns a coin-operated vending machine for the purpose of generating sales through that machine, keeps the inventory in that machine, and is responsible for removing the receipts from that vending machine.

**Other tangible items** – Includes, but is not limited to, tobacco, toys, baseball cards, prepaid telephone calling cards, laundry supplies, and sundries.

**Owner/Lessor** – The owner of the real property or owner of the vending machine who leases to an operator.

**Real property** – The land, its improvements, and fixtures; also called “realty” and “real estate.”

**Tangible personal property** – Personal property that you can see, weigh, measure, touch, or is in any manner perceptible to the senses, including electric power or energy.

**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** – Sales of food, beverages, and other tangible items are taxable when made through vending machines or devices supplying taxable merchandise having a sales price of 10 cents or more. The rate is six (6) percent **plus any discretionary sales surtax (county tax)**.

**Machine rental** – The lease or license to use a vending machine is taxable. The tax is collected by the machine owner (lessor) from the operator (lessee) and is 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 tax is collected by the location owner (lessor) from the machine operator (lessee) and is based on the commission payment to the location owner (lessor).

## What is Exempt?

**Churches** – Receipts from vending machines operated by churches are not taxable.

**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. PTAs and PTOs (in schools offering grades K through 12 only) that sell food or beverages through vending machines may pay tax to their suppliers or remit the tax on all sales to us.

**Charitable organizations** – Food and drinks sold for 25 cents 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.

## How is Tax Calculated?

Tax is calculated by:

- 1) Dividing the gross receipts from the machine by a divisor (see table) to compute taxable sales.
- 2) Subtracting taxable sales from gross receipts to arrive at the amount of tax due.

| <b>How Sales Tax is Calculated on Vending Machine Sales</b>               |   |                             |
|---|---|-----------------------------|
| <b>If your sales tax rate is:</b>   | <b>Then your gross receipts divisor is:</b> |                             |
|   | <b>Food and Beverages</b>                   | <b>Other Tangible Items</b> |
| 6%  | 1.0645                                      | 1.0659                      |
| 6.25%   | 1.06655                                     | 1.0683                      |
| 6.5%  | 1.0686                                      | 1.0707                      |
| 6.75%   | 1.0706                                      | 1.0727                      |
| 7%  | 1.0726                                      | 1.0749                      |
| 7.25%   | 1.07465                                     | 1.0770                      |
| 7.5%  | 1.0767                                      | 1.0791                      |
| 7.75%   | 1.0788                                      | 1.0812                      |
| 8%  | 1.0808                                      | 1.0833                      |
| Gross receipts divided by your gross receipts divisor equals gross sales. |   |                             |
| Gross receipts minus gross sales equals the tax due.                      |   |                             |
| Gross sales times county rate equals surtax.                              |   |                             |

## Who Must Register to Collect Tax?

The machine operator must remit tax on the gross receipts from the machine. Owners leasing a machine to an operator must register and collect sales tax from the operator on the lease payments. A location owner who is not registered, must register and collect sales tax and surtax on the commission or fee received from the operator. If the location owner fails to collect tax on the commission or the machine owner fails to collect the tax on the machine lease, the lessee or licensee must remit the tax due on their sales tax return.

A machine operator who has a direct pay permit from us can self-accrue and pay the tax due on the commission, license fee, or rent paid to the location owner. This relieves the location owner 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). This form is on our Internet site at [www.myflorida.com/dor](http://www.myflorida.com/dor).

## How Do I Register?

You can register to collect and/or report tax through our Internet site. 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).

**Owners or operators with machines in several counties must have a separate registration for each county in which their machines are located. If all the machines are located in one county, only one registration is needed.**

## 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 collected from the 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.

Returns and payments postmarked after the 20th are late. However, if the 20th falls on a Saturday, Sunday, or state or federal holiday, returns will not be late if they are postmarked on the next business day after the 20th.

## Notice Requirements

You must display a notice on the upper front, or where it is easily seen by the public, on each **food or beverage vending machine**. An example of the notice is provided in this brochure.

A machine owner will be charged a penalty of \$250 per machine, plus interest, for failure to display the notice.

The notice must show the operator's name, address, and federal employer identification (FEI) number. If the federal government does not require the operator to have an FEI number, you must list your sales tax registration number.

The wording on the notice must be the same as the example shown here. The type must not be smaller than 14 point bold face, and the words "cash reward" must not be smaller than 30 point. Churches are exempt from this requirement.

## Reference Material

**Tax Laws** — Our online Tax Law Library contains statutes, rules, legislative changes, opinions, court cases, and publications. Search the law library for Rule 12A-1.044, Florida Administrative Code, *Vending Machines*; section 212.0515, Florida Statutes, *Sales from vending machines; sales to vending machine operators*; s. 212.183, F.S., *Rules for self-accrual of sales tax*; Rule 12A-15.011, F.A.C., *Coin-operated amusement and vending machines and other devices*; Rule 12A-1.0911, F.A.C., *Self-accrual authorization; direct remittance on behalf of independent distributors*.

**Brochures** — Download these brochures from our "Forms and Publications" page:

- *Tangible Personal Property Rentals*
- *Commercial Real Property Rentals*
- *Amusement Machines*
- *Concession Stands*
- *Discretionary Sales Surtax*

## Example of Required Notice

|  |       |     |
|--|-------|-----|
| FOR FOOD OR BEVERAGE VENDING MACHINES  |       |     |
| Name of Operator   |       |     |
| Address  |       |     |
| City   | State | ZIP |
| FEI or Sales Tax#  |       |     |
| <b>Notice to Customers:</b>  |       |     |
| Florida law requires this notice to be posted on all food and beverage vending machines. |       |     |
| Report any machine without a notice to<br>1-800-FL-AWARD.                                |       |     |
| You may be eligible for a CASH REWARD.   |       |     |

## 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.

Sign up at: [www.myflorida.com/dor](http://www.myflorida.com/dor)