



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 who 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 is subject to sales tax, plus any applicable discretionary sales surtax.

When there is a lease, rental, or license of space to place a vending machine at another person or business's location, the fee paid is subject to the sales tax on commercial rentals, 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 the registration application to 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).

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. Paper returns will be mailed to you unless you are filing electronically. 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 applicable discretionary sales 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 discretionary sales surtax, due on the receipts from the machine
- Keep proper records

Additionally, when a vending machine owner or operator enters into an arrangement to place and operate a vending machine(s) at another person or business's location for consideration, the arrangement may be a taxable rental, lease, or license to use real property under section (s.) 212.031, Florida Statutes (F.S.). The business owner of the location where the vending machine is operated is required to collect sales tax, plus applicable discretionary sales 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 discretionary sales surtax, is due on the total rental consideration, which may include any commission or percentage of machine receipts received by the business owner from the machine operator.

For more information, review the brochure *Sales and Use Tax on the Rental, Lease, or License to Use Commercial Real Property* (GT-800016) posted at floridarevenue.com/forms under the Sales and Use Tax section. **Note** that the sales tax rate for commercial rental is set by statute at a lower rate than the sales tax rate on retail sales and may change from year to year. (See s. 212.031(1)(c), F.S.) Please consult your financial professional or contact the Department as described below to obtain the current rate. Rates are posted online at floridarevenue.com/taxes/rates.

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* (Form DR-16P) to self-accrue and pay sales tax, plus any applicable discretionary sales 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). The application is posted at floridarevenue.com/forms under the Sales and Use Tax section.

Business owners that receive a *Sales and Use Tax Direct Pay Permit* (Form DR-16P) 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 taxable 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 discretionary sales 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 any discretionary sales surtax due.

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

Sales and Discretionary 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
8.5%	1.0849	1.0875

Example
The total receipts of \$100 are received from a soft drink vending machine located in a county with a combined sales tax and discretionary sales 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 discretionary sales surtax due)
$\$93.58 \times 0.005 = \0.47 (discretionary sales surtax) Report \$0.47 discretionary sales 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. 08/18
	1. Gross Sales	2. Exempt Sales	3. Taxable Amount	4. Tax Due
A. Sales/Services/Electricity
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
Surtax Rate:		Reporting Period	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. Less Collection Allowance	.
			12. Plus Penalty	.
			13. Plus Interest	.
			14. Amount Due with Return	.

Name
Address
City/St
ZIP

FLORIDA DEPARTMENT OF REVENUE
5050 W TENNESSEE ST
TALLAHASSEE FL 32399-0120

Due:
Late After:

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 discretionary sales 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 at floridarevenue.com/taxes/eservices.

Returns and payments are due on the 1st and late after the 20th day 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 they are filed electronically (without payment), postmarked, or delivered in person on the first business day after the 20th
- **payments** are timely if they are postmarked or delivered in person on the first business day after the 20th

Florida law requires you to file a tax return even when *NO* sales and use tax is due.

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 p.m. ET on the business day prior to the 20th. Keep the confirmation number in your records. The *Florida eServices Calendar of Electronic Payment Deadlines* (Form DR-659) provides a list of deadlines for initiating electronic payments on time and is available online at floridarevenue.com/forms under the eServices section.

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 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 online 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, mailing address, business location, or to 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.

Learn More and Stay Informed

Visit the Department's Taxpayer Education webpage at floridarevenue.com/taxes/education for additional information and educational webinars. The Taxpayer Education page has sales and use tax tutorials on how to complete your tax return, calculate discretionary sales surtax, electronically file and remit your taxes, and pay estimated tax.

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* (A recent court decision regarding paragraph (5)(a) will require a case-by-case determination whether there is a lease or license to use real property.)
- *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 the Rental, Lease, or License to Use Commercial Real Property* (GT-800016)

Contact Us

Information and tutorials are available online at floridarevenue.com/taxes/education.

Tax forms and publications are available online at floridarevenue.com/forms.

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 from the Department.

Subscribe to receive an email for due date reminders, Tax Information Publications (TIPs), or proposed rules, including notices of rule development workshops and emergency rulemaking. Subscribe today at floridarevenue.com/dor/subscribe.