



Sales and Use Tax on Vending Machines

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What is a Vending Machine and Vending Machine Operator?

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 total receipts from the machine.

What is Taxable?

- Sales of food, beverages, and other items with a selling price of 10 cents or more from a vending machine are taxable, unless specifically exempt.
- Vending machines purchased, leased, or rented for use by a vending machine operator are taxable.
- Vending machine parts and repairs to vending machines are also taxable.
- 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** – Sales from vending machines owned and operated by churches and synagogues are exempt.
- **Charitable organizations** – Food and drinks sold for 25 cents or less through a vending machine sponsored by a nonprofit or 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 and not meant for student dining, food and beverages sold through the machine are taxable.

Do Vending Machine Operators Have to Register as a Sales and Use Tax Dealer?

Vending machine operators are required to register as a sales and use tax dealer before engaging in business. A separate application must be submitted for each county in which vending machines are operated.

The fastest and easiest way to register is online at floridarevenue.com/taxes/registration. The *Florida Business Tax Application* (Form DR-1) and *Application for Registered Businesses to Add a New Florida Location* (Form DR-1A) are also posted at floridarevenue.com/forms under the Sales and Use Tax section.

After registering, vending machine operators will be issued a *Certificate of Registration* (Form DR-11) and a *Florida Annual Resale Certificate for Sales Tax* (Form DR-13).

The *Florida Annual Resale Certificate for Sales Tax* is used by active registered dealers to purchase tax-exempt items intended for resale. If the items bought for resale are later used (not resold), use tax must be reported and paid. Florida law provides for criminal and civil penalties for fraudulent use of a *Florida Annual Resale Certificate for Sales Tax*.

Who Reports and Pays the Sales and Use Tax?

Vending machine operators are responsible for reporting and remitting the sales tax due on the gross (total) receipts removed from the vending machine(s). See "*How is Tax Calculated on Vending Machine Receipts?*" in this publication.

Additionally, when a vending machine operator enters into an arrangement to place and operate a vending machine(s) at another person or business's location for a 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 rentals 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.). Tax rates are posted 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 is Tax Calculated on Vending Machine Receipts?

- To calculate the sales tax and any applicable discretionary sales surtax (DSS) on sales from vending machines **without exempt items**:
 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 the **gross sales and taxable amount**.
 2. Subtract **gross sales** from the **total receipts** to compute the amount of sales tax and any discretionary sales surtax due.

Sales and Discretionary Sales Surtax Rate	Food and Beverage Divisor	Other Vended Items Divisor	Example – Without Exempt Items
6.0%	1.0645	1.0659	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.
6.5%	1.0686	1.0707	
7.0%	1.0726	1.0749	$\$100 \div 1.0686 = \93.58 (gross sales) $\$100 - \$93.58 = \$6.42$ (sales tax and DSS)
7.5%	1.0767	1.0791	
8.0%	1.0808	1.0833	
8.5%	1.0849	1.0875	

Report \$93.58 on Line E., Column 1. Gross Sales and Column 3. Taxable Amount.

Report \$6.42 on Line E., Column 4. Tax Due.

To calculate the amount of discretionary sales surtax due for this transaction, multiply the **gross sales** by the DSS rate for the applicable county. In this example: $\$93.58 \times 0.005 = \0.47 (DSS due).

Report the \$0.47 discretionary sales surtax on your *Sales and Use Tax Return*.

- To calculate the sales tax and any applicable discretionary sales surtax on sales from vending machines **with exempt items**:
 1. Subtract the **exempt sales** amount from the **total receipts** amount and divide the result by the tax rate divisor for the county where the machines are located to compute the **taxable amount**.
 2. Subtract the **taxable amount** from the **total receipts** to compute the amount of sales tax and any discretionary sales surtax due.
 3. Add the **taxable amount** to the **exempt sales** amount to calculate the **gross sales** amount.

Sales and Discretionary Sales Surtax Rate	Food and Beverage Divisor	Other Vended Items Divisor	Example – With Exempt Items
6.0%	1.0645	1.0659	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%. Exempt sales of bottled water total \$5. The food and beverage rate divisor is 1.0686. \$100 - \$5 (exempt sales) = \$95 ÷ 1.0686 = \$88.90 (taxable amount) \$100 - \$5 (exempt sales) = \$95 - \$88.90 = \$6.10 (sales tax and DSS) \$88.90 (taxable amount) + \$5 (exempt sales) = \$93.90 (gross sales)
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	

Report \$93.90 on Line E., Column 1. Gross Sales.
Report \$88.90 on Line E., Column 3. Taxable Amount.
Report \$5.00 on Line E., Column 2. Exempt Sales.
Report \$6.10 on Line E., Column 4. Tax Due.

To calculate the amount of discretionary sales surtax (DSS) due for this transaction, multiply the **taxable amount** by the DSS rate for the applicable county. In this example: \$88.90 x 0.005 = \$0.44 (DSS due).

Report the \$0.44 discretionary sales surtax on your *Sales and Use Tax Return*.

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		RD/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	Include use tax on internet / out-of-state untaxed purchases →			.	.
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 Allowances	E-file/E-pay Only
				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. **Returns** are timely if they are filed electronically (without payment), postmarked, or delivered in person on the first business day after the 20th if the 20th falls on a Saturday, Sunday, or state or federal holiday. **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 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, or business location within the same county, 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 tutorials. 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.

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*
- *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

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

To speak with a Department of Revenue representative, call Taxpayer Services at 850-488-6800, Monday through Friday, excluding holidays.

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