



## Vending Machines

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### GENERAL INFORMATION

This publication is for owners, lessors, lessees and operators of vending machines who collect revenue from vending machines. It addresses vendor licensing, filing and payment of sales tax for items sold from vending machines.

Any person or company who removes the receipts from vending machines is liable for remitting the applicable sales taxes on the vending machine revenues. If a person or company only receives a fixed fee or a percentage of receipts from a vending machine, and has no access to the machine, such person or company is **not** liable for remitting sales tax. Typically, the owner or lessor of a machine periodically replenishes the machine and remits the money. However, in some cases a lessee or operator stocks the machine and removes the money, which would require that the lessee or non-owner operator be liable for remittance of the sales tax.

### DEFINITION

A vending machine is a money-operated (coins or bills) machine offering tangible personal property to a consumer. This definition does not include such things as video games, pinball machines, pool tables or other money-operated machines, which do not dispense tangible personal property. Machines with claws that players use to pick up toys/prizes require tax to be paid at the time merchandise is purchased for use in the machine, rather than collecting the tax on machine's gross receipts.

### LICENSING

Owners, operators, lessors and lessees of vending machines who have control of the receipts must obtain a sales tax license. The responsible parties may obtain a Loveland sales tax license by coming to 500 E. 3<sup>rd</sup> Street in Loveland, or by visiting our website at [www.cityofloveland.org/salestax](http://www.cityofloveland.org/salestax) where they can print or download a Sales Tax License application form. If you are planning to have machines in more than one location, only one license is required for all of your locations. Please allow three weeks to receive the license in the mail, after returning the completed application.

### FOOD

All sales and purchases of food, from vending machines, are subject to Loveland sales tax. See the State of Colorado FYI Sales 59 for their exemption of certain food items sold through vending machines. The State exemption applies to state sales tax only.

## TAXABILITY OF ITEMS

Non-food items selling for 15 cents or less are exempt from sales tax. If the item vends for more than 15 cents, you may **not** calculate the sales tax you remit by subtracting the first 15 cents from the items you sell. For example, if the tax rate is 6 percent, a \$1.00 item includes a gross sale of 94 cents and a tax of six cents ( $\$1.00 \div \text{by } 1.06 = 94 \text{ cents}$ ;  $.94 \times .06 = 6 \text{ cents}$ ).

## HOW TO CALCULATE GROSS SALES

For non-exempt sales, your computation of net taxable sales will be calculated by taking the gross sales and dividing them by 1.067557. For exempt sales, if the State does not tax food, your computation of net taxable sales will be calculated by taking the gross sales and dividing them by 1.03.

### Example-Non Exempt

$\$500 \div 1.067557 = \$469.26$  Taxable Sales

### Example Exempt

$\$500 \div 1.03 = \$485.44$  Taxable Sales

THE ABOVE INFORMATION IS A SUMMARY IN LAYMAN'S TERMS OF THE RELEVANT LOVELAND TAX LAW FOR THIS INDUSTRY OR BUSINESS SEGMENT. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE LMTC (LOVELAND MUNICIPAL TAX CODE) AND APPLICABLE RULES AND REGULATIONS.