



CITY OF GRAND JUNCTION RETAIL SALES AND USE TAX ORDINANCE Administrative Regulations

REGULATION 34-105(9) Vending Machines

[98-03]

Any person or company who removes the receipts from vending machines is liable for remitting City sales taxes on the vending machine revenues. If a person or company only receives a fixed fee or a percentage of receipts from vending machine(s), and has no access to the machine, then such person or company is not liable for remitting sales tax. Typically, the owner or lessor of a machine periodically replenishes the machine, removes the receipts and remits sales tax on the proceeds. 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 sales tax.

DEFINITION

A vending machine is a money-operated (coins or bills) machine offering tangible personal property and/or food and/or drink 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 food, drink or other tangible personal property. Machines where players may receive a toy(s)/prize(s) require tax to be paid on the merchandise as it is purchased for use in the machine, rather than payment of tax on collection of the machine's gross receipts.

LICENSING

Owners, operators, lessors and lessees of vending machines who control the receipts of vending machine(s) must have a City of Grand Junction sales tax license.

TAXABILITY OF ITEMS

Items selling for 15 cents or less are exempt from sales tax. If the item vends for more than 15 cents, the sales tax is calculated on the vended price; subtracting the first 15 cents from the items you sell is illegal.

HOW TO CALCULATE GROSS SALES

For the example cited below, if your total vending machine collections in Grand Junction are \$500, the computation would be as follows (based on tax rates in effect on the publishing date of this Regulation): Colorado sales tax is 3 percent, Mesa County sales tax is 2 percent, and the Grand Junction sales tax is 2.75 percent, for a total of 7.75 percent.

\$500 divided by 1.0775 = \$464.04

Gross sales, therefore, would be \$464.04 not including tax. This amount would be included in your gross sales reported on Line 1 of your City Sales/Use Tax Return.

The foregoing regulation, having been duly promulgated and the public having had opportunity to comment on the propriety of said regulation after public notice, is hereby adopted and is deemed effective this 15th day of June, 1998.

Ronald M. Lappi
Finance Director
City of Grand Junction