

## VENDING MACHINES

A vending machine is a money-operated (all forms of payment) 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.

Sales of tangible personal property, sold through vending machines, vending markets, and the like, are subject to city sales tax. "Honor box" sales are treated the same as vending machine sales. The retail price of items sold through vending machines includes city sales tax. This inclusion is an exception to the general requirement that sales tax be added to the selling price as a distinct amount. Both the sale of food and non-food items is subject to Arvada Sales Tax.

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.

### Vending Machine Equipment

Sales of Vending Machine Equipment are subject to sales / use tax on the purchase, lease, rental, or sale of the equipment or similar devices. Any repairs or replacement parts are also subject to city tax

### EXAMPLE

A business located in Arvada / Jefferson County provides food, drink, and candy vending machines at their place of business for the convenience of its employees and customers. Total collections (Gross Receipts – which includes both Tax and Sales) last month were \$2,000. The business will need to calculate their Taxable Sales and Sales Tax due as follows:

When the items that are sold is subject to State and/or City taxes you will need to determine correct tax rate that is to be remitted based on:

- 1) What is being sold, and
- 2) The location of the vending machine

<i>State and City Tax</i>				<i>City Tax (only)</i>			
	Gross Receipts	\$	2,000.00		Gross Receipt	\$	2,000.00
Divide by Combine Tax Rate	1.0796			Divide by Combine Tax Rate	1.0346		
	Taxable Sales	\$	1,852.54		Taxable Sale	\$	1,933.11
	Sales Tax	\$	147.46		Sales Tax	\$	66.89
			(1)				Arvada Only

2.90%	Colorado	x \$1,852.54 =	\$ 53.72
1.10%	RTD / CD	x \$1,852.54 =	\$ 20.38
0.50%	Jefferson County	x \$1,852.54 =	\$ 9.26
3.46%	Arvada	x \$1,852.54 =	\$ 64.10
<b>7.96%</b>	<b>Total Combined Tax Rate</b>		<b>\$ 147.46</b>
			(1)
2.90%	Colorado		
1.10%	RTD / CD		
0.75%	Adams County		
3.46%	Arvada		
<b>8.21%</b>	<b>Total Combined Tax Rate</b>		

**ARVADA MUNICIPAL CODE – Chapter 98 – Taxation**

**Sec. 98-69. - Tax added to price.**

(a) *Adding tax imposed.* Retailers shall add the tax imposed, or the average equivalent thereof, to the price, showing such tax as a separate and distinct item. Except as provided in this section, no retailer shall advertise or hold out or state to the public or to any consumer, directly or indirectly, that the tax or any part thereof shall be assumed or absorbed by the retailer, or that it will not be added to the price, or if added, that it or any part thereof shall be refunded. Sales tax may be included in the price of:

- (1) Any malt, vinous or spirituous liquor sold by the drink.
- (2) Items sold from coin operated devices or the price of utilizing such devices.

**CODE of COLORADO REGULATION**  
**COLORADO DEPARTMENT OF REVENUE – TAXATION DIVISION**  
**SALES AND USE TAX – SPECIAL RULES FOR SPECIFIC BUSINESSES**  
 1 CCR 201-4

**Rule 39-26-102(4.5)**

(3) *In determining whether food is considered for domestic home consumption or prepared food or food for immediate consumption, the following guidelines apply to the specialized establishments enumerated below:*

(g) *Vending Machines.* All sales of food vended by or through machines are taxable except that all vending machine sales of 15 cents or less are exempt from the state sales tax.

(h) *See also the exemption for certain vending machine sales in § 39-26-714(2), C.R.S., which is effective on January 1, 2000, for state sales tax. For municipal and county sales taxes, the vending machine food exemption is effective only if the local government adopts the exemption by ordinance or resolution.*

THE ABOVE INFORMATION IS A SUMMARY IN LAYMAN'S TERMS OF THE RELEVANT ARVADA TAX LAW FOR THIS SUBJECT, INDUSTRY OR BUSINESS SEGMENT. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE ARVADA MUNICIPAL CODE. HOWEVER, THE TAX GUIDE SHALL BE USED IN CONJUNCTION WITH THE ARVADA MUNICIPAL CODE (CHAPTER 98) IN DETERMINING TAX LIABILITY.