

## REG-1-031, Coin-operated Machines

031.01 General. For the purposes of this regulation, a coin-operated machine shall include all machines where coins or substitutes for coins are inserted to render the machine operable. Owners, other than lessors, of all coin-operated machines are the ultimate consumers of said machines and are required to pay sales or use tax on the purchase price.

A lessor who purchases coin-operated machines exclusively for the purpose of leasing or renting them shall furnish his or her supplier a Nebraska Resale or Exempt Sale Certificate, Form 13. The lessor shall collect and remit the tax on the gross lease or rental receipts. The receipts from leasing or renting a coin-operated machine are taxable even if the sales by the machine are exempt.

For purposes of imposing the sales tax on receipts from the operation of coin-operated machines, they are placed in one of three general categories: those which vend property, those which are operated for amusement, entertainment, or recreation, and those which provide other services.

031.02 Vending property. When property is sold by means of a vending machine, the person owning the property being sold through the vending machine is the retailer and is responsible for sales tax on the entire gross receipts therefrom regardless of how such receipts are divided.

031.02A The sales tax does not have to be separately stated and collected from the customer on sales of property through vending machines.

031.02B Where the retailer has machines at various locations, only one sales tax permit shall be required. Such retailer shall keep accurate records of the time and place of installation of each machine, the date of removal from any location, the amount of the gross receipts from each vending machine, and the gross receipts from the lease or rental of any vending machine.

031.02C The gross receipts therefrom include the state and applicable local option sales tax. The location of the machine determines the applicable local option sales tax. In determining the amount of sales tax to be remitted on vending machine sales, use the procedures described in 008.03 of Reg-1-008, Records.

031.03 For amusement. Coin-operated amusement machines shall include, but are not necessarily limited to, such devices as:

031.03A Pinball games;

031.03B Shuffleboard;

031.03C Bowling games;

031.03D Radio-ray rifle games;

031.03E Baseball games;

031.03F Football games;

031.03G Racing games;

031.03H Boxing games;

031.03I Coin-operated pool tables;

031.03J Video arcade games; and

031.03K Coin-operated musical devices.

031.04 Every owner or lessee of coin-operated amusement machines is required to be in compliance with the provisions of the Mechanical Amusement Device Tax Act, of the Nebraska Revised Statutes. Such compliance shall exempt such gross receipts from the sales tax which would or could otherwise apply. If the owner or lessee is not in compliance with the Mechanical Amusement Device Tax Act, the machines may be seized, and the owner will have to remit the sales tax on the receipts from the machines in addition to the other taxes, fines and penalties, (For more information see the Mechanical Amusement Device Regulations). Nothing in this regulation shall be construed as exempting the original purchase or lease receipts, as applicable, of such machines from the tax.

031.05 For other services. These machines do not sell property and are not for amusement but do other things such as provide blood pressures or weight. If the machines also provide fortunes or similar items they are amusement devices.

031.05A See Reg-1-048, Laundries and Dry Cleaners, regarding coin-operated laundry and dry cleaning devices.

031.05B See Reg-1-065, Telephone and Telegraph Communication Services, regarding the receipts from coin-operated telephones.

031.05C See Reg-1-099, Motor Vehicle Services, regarding the receipts from coin-operated car washes.

031.05D The gross receipts of machines for other services are exempt unless the services provided are otherwise taxable.

031.05E When taxable services are provided by a coin-operated machine, 031.02A and 031.02C apply to those machines.

*(Sections 77-2703(1)(c) and 77-3005, R.R.S. 2003. October 1, 2003.)*