

# **Kansas Administrative Regulations**

## **Kansas Department of Revenue**

### **Article 19.—Kansas Retailers' Sales Tax**

#### **92-19-23a. Coin-operated devices, including vending machines.**

(a) Except for laundry services, retailers shall collect state and local sales tax on the taxable sales of property, amusement, and services made through coin-operated devices.

(b)(1) For purposes of this regulation, "coin-operated device" shall be deemed to include vending machines and other devices that operate when activated by coins, paper money, credit cards, tokens, or similar payment or representation of monetary payment.

(2) Coin-operated devices shall include machines that dispense food, candy, drinks, or items of tangible personal property, including photocopies; that provide amusement and diversion; or that provide taxable services. Coin-operated devices that provide amusement and diversion shall include jukeboxes, pinball machines, pool tables, foosball tables, dart games, video games, and similar devices.

(3) State and local sales taxes shall be collected on coin-operated devices used for playing games of chance, except for devices that are being lawfully operated for gambling under the Kansas lottery act, Kansas parimutuel racing act, or federal Indian gaming laws. Sales tax shall be collected on the gross receipts from these devices, and no deductions shall be allowed for any money, credits, or property awarded as prizes.

(c) Each business's receipts taken from a coin-operated machine shall represent a tax-included amount. To calculate the gross receipts from a tax-included amount, the total amount of receipts taken from the device shall be divided by one plus the sum of the state and local sales tax rates, stated as a decimal. The result of this calculation shall be the gross receipts that are reported on tax returns as the gross receipts from the coin-operated device that are subject to state and local sales tax. A business that operates coin-operated devices shall not deduct commissions or any other payment made to businesses upon whose premises the devices are located.

(d) Any business that operates vending machines or other coin-operated devices at different locations may secure a single registration certificate and file a single consolidated return for all of these devices. Local sales tax shall be due based on the location of each device. Each business that requests to file a consolidated return in this manner shall submit a list with its written request that shows the location of each device, its serial number, and the type of property or service being sold or provided by the device. The business shall maintain a current list of device locations at its place of business, which shall be available to the department for inspection during normal business hours.

(e) Registered retailers, including taverns and bars, that operate coin-operated devices on their premises and account for the total receipts from the devices may report these receipts on their regular returns as tax-included receipts rather than securing a separate registration certificate.

(f) Receipts from car and truck washes shall be subject to tax, regardless of whether the washing and waxing services are performed by employees or by manual or automatic machines and whether the machines are coin-operated.

(g) Receipts from coin-operated laundry machines, including clothes washers and dryers, shall be exempt from sales tax.

(Authorized by K.S.A. 2001 Supp. 79-3618; implementing K.S.A. 2001 Supp. 79-3603, as amended by L. 2002, ch. 185, sec. 6; effective Dec. 13, 2002.)

\*\*\*\*\* Authenticated Kansas Administrative Regulation \*\*\*\*\*