

Instructions: Gross Receipts Tax Return – Operators of Merchandise Vending Machines for Charitable Nonprofit Organizations

Operators of qualified vending machines have the option of paying a gross receipts tax (commonly known as “vending machine tax”) in lieu of sales tax. In order for a vending machine operator to qualify for this option 1) the vending machine must be operated for the benefit of a charitable nonprofit organization, and 2) the merchandise dispensed must be sold for 25 cents or less. Prior to beginning operation, the operator must register each vending machine with the Department of Revenue on form GRO 219 and must post the operator’s name and address and, if different from the operator, the charitable nonprofit’s name and address on each vending machine.

The return along with the appropriate tax payment is due quarterly on or before the first day of the second month following the applicable quarterly filing period (i.e., November 1, February 1, May 1, and August 1). Taxpayers should file and make their tax payments online by visiting the Department’s website at www.tn.gov/revenue. Alternatively, they may mail returns and payments to the address listed on the return.

You must sign and date your return. Paid preparers (accountants, attorneys, etc.) must also sign the return. If this is an amended return, please indicate the “Filing Period” and check the appropriate box on the front of this form.

Return

- Line 1: Enter the total gross receipts from qualified vending machines in Tennessee.
- Line 2: Multiply the amount on Line 1 by **1.5%**.
- Line 3: A credit is allowed for franchise and excise taxes paid on the same activity that is subject to the vending machine tax. The franchise and excise tax paid must be for the same tax period as the vending machine tax liability. The combined franchise and excise tax credit taken on Line 3 cannot exceed the amount reported on Line 2. To calculate the credit:
- a) Divide the taxpayer’s total Tennessee sales from qualified vending machines by the taxpayer’s total Tennessee gross receipts (including gross sales, taxable dividends, taxable interest, etc.).
 - b) Multiply the amount of franchise tax liability from the franchise & excise tax return, Schedule A, Line 3, that has been paid by the decimal number calculated in step (a). Enter this amount on Line 3a.
 - c) Multiply the amount of excise tax liability from the franchise & excise tax return, Schedule B, Line 7, that has been paid by the decimal number calculated in step (a). Enter this amount on Line 3b.
 - d) Add Lines 3a and 3b, and divide by 4. Enter this amount on Line 3.
- Line 4: Subtract Line 3 from Line 2. If Line 3 is greater than Line 2, enter zero.
- Line 5: If your account has a credit balance from an overpayment on a prior return, enter the amount on this line.
- Line 6: Penalty is calculated at a rate of 5% for each 30-day period, or portion thereof, that a return is delinquent, up to a maximum of 25% of the delinquent amount. The minimum penalty is \$15 for the delinquent filing of a return. If your return is delinquent, apply the appropriate penalty rate to the total tax due from Line 4.
- Line 7: Interest is due on any amount of tax that is paid after the statutory due date of the return. The interest rate is determined in accordance with Tenn. Code Ann. § 67-1-801. The current interest rate can be found at www.tn.gov/revenue by clicking the Tax Resources tab. If the payment is late, apply the interest rate to the total tax due from Line 4.
- Line 8: Add Lines 4, 6, and 7, and subtract Line 5.