

Filing Changes for Vending Sales

Vending Sales Are Subject to Sales Tax

Sales of merchandise from vending machines are subject to sales tax. The state general tax rate or reduced food tax rate plus a standard 2.25% local tax rate applies to the sales price of merchandise sold through a vending machine. A vending machine operator may include the sales tax in the prices listed for merchandise sold through a vending machine, as long as it posts a sign on the vending machine indicating the prices shown include applicable sales tax.

Changes in the Sales Tax Return Simplify Filing Requirements for Taxpayers Making Sales through Vending Machines

The Department of Revenue launched a new website called Tennessee Taxpayer Access Point (TNTAP) on March 6, 2017. Sales and use tax returns are now filed electronically in TNTAP.

In TNTAP, vending machine operators are no longer required to have a separate *vending-only* sales tax account to report sales of merchandise sold through vending machines. The sales tax return has been revised so that a vending machine operator now reports its vending sales on the same monthly return it uses to report non-vending sales and use of tangible personal property.

Local Tax on Vending Sales Will Be Reported on Schedule C, Lines 13 and 14 of the Return

All vending sales will be included with non-vending sales and reported on Line 1 (gross sales) of the

monthly return. Food sales (vending and non-vending) subject to the reduced state tax rate are included on Schedule A, Line 1, and the amount of the reduced state sales tax due on food is reported on Line 9 of the return.

To report the correct local tax, vending sales (food and nonfood) are deducted on Schedule B, Line 6 from the total local taxable amount that is subject to the applicable local tax rate for the vending operator's business location. The vending sales amount (food and non-food) and local tax due at the 2.25% standard rate are reported on Schedule C, Lines 13 and 14.

If a vending machine operator had a separate vending-only sales tax account prior to TNTAP, the account number will appear as a location ID in TNTAP. Vending sales can be reported on the consolidated sales tax return in TNTAP for the location ID associated with the prior vending-only account.

Vending Machine Sales Benefitting Charities

If a vending machine is operated for the benefit of a charitable nonprofit organization, dispenses merchandise with a market value of 25 cents or less, and is built so that only a fixed, predetermined price can be paid for an item, then the vending machine operator may choose to pay a 1.5% gross receipts tax on the sales, rather than paying the sales tax. See Important Notice 03-14 for more information.

For More Information

Visit www.tn.gov/revenue. Click on Revenue Help to search for answers or to submit an information request to one of our agents.

References

Tenn. Code Ann. § 67-6-202(c); Tenn. Code Ann. § 67-6-702(h); Tenn. Code Ann. § 67-4-506; TENN. COMP. R. & REGS. 1320-5-1-.90