

The Louisville Municipal Code (LMC) imposes its sales tax on the sale of tangible personal property through “coin-operated” devices also known as vending machines.

A coin-operated device or vending machine means any device operated by coins or currency or any substitute that offers tangible personal property to a consumer. This definition does not include such things as video games, pinball machines, pool tables, laundry mat washers and dryers, or car washes.

Any person or company with a vending machine or coin operated device located in the City is required to purchase a Louisville Sales/Use Tax License and to collect and remit sales tax to the City.

Any person or company who removes the receipts from coin-operated devices or vending machines is liable for remitting City sales tax on the device or machine revenues.

To calculate the gross sales to report on the City tax return, take the total amount of receipts divided by the Louisville tax rate. For example, if \$500 was collected the calculation would be $\$500 \div 1.0365$ (tax rate effective 1/1/18 is 3.65%) = \$482.39. The \$482.39 will be used on line 1 of the City tax return as the gross sales amount.

The operator, owner or person selling tangible personal property by coin-operated device or vending machine is liable for the sales or use tax on the purchase or use of the actual devices, and is required to collect sales tax on any subsequent lease, rental or sale of such devices on the full lease, rental, or sale price.

Examples

Louisville Company A contracts with a Coca-Cola distributor for a vending machine located in their break room. The distributor periodically collects the proceeds, and restocks the machine. The distributor is responsible to obtain a City sales/use tax license and to remit sales tax to the City on the vending machine sales.

Louisville Company B contracts with a company to place a coin-operated snack device in their office. Company B receives 20% of the proceeds from the snack machine vendor each month. The snack machine vendor collects the revenue, repairs and restocks the machine. The snack machine vendor is responsible to obtain a City sales/use tax license and to remit sales tax on the total amount of revenue (including the 20% paid to Company B) to the City.

Louisville Company C owns their own food vending machine, but contracts with a vending machine supplier to service the machine and to restock its contents periodically. Company C pays the supplier a set amount each month plus the price of the food stocked in the machine. Company C collects the proceeds from the vending machine and uses it towards an employee picnic it hosts each year. Company C is required to obtain a City sales/use tax license and to remit sales tax on the total amount of revenue collected to the City.

The information contained in the Tax Guide publications is intended to offer general guidance in layman’s terms, for this topic, industry or business segment, and is not intended for legal purposes to be substituted for the full text of the Louisville Municipal Code rules and regulations. This guide does not constitute a city tax policy.