
Tax Compliance Guide

“Coin Operated” Devices Topic 304

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Devices Vending Tangible Personal Property

Sales of tangible personal property through “coin operated” devices also known as vending machines are subject to Westminster city sales tax. Tax need not be stated or charged separately, but may be included in the price of the items sold. If the price of the item is fifteen cents (\$0.15) or less, the sale is exempt from tax.

Westminster sales tax must be paid on the purchase, lease, or rental of vending machines. If Westminster sales tax is not paid to a vendor licensed and authorized to collect the same, then a use tax must be remitted directly to the City. Credit may be taken against Westminster use tax for legally imposed sales or use taxes paid to other municipalities. Such credit may not exceed the Westminster use tax due.

Amusement and Other “Coin Operated” Devices

The payment for the utilization of “coin operated” devices such as video games, washers & dryers, pool tables, and juke boxes is considered a short-term rental of the device. This rental is subject to Westminster sales tax. Tax need not be stated or charged separately, but may be included in the price of use. This sale is subject to tax regardless of the method of payment and collection, including credit/debit cards, pre-paid cards or vouchers, coins, currency or other substitutes therefor, or collection by an attendant.

Owners of pool or billiard tables or other amusement devices must also obtain an Amusement Center license. A tax of \$40 per device per year is due upon obtaining a new or renewal license. This tax is reduced by \$20 for devices obtained by the licensee after June 30th.

The payment for the utilization of “coin operated” games of chance, which either dispense tangible personal property as prizes or provide tickets, credits, or vouchers which may be redeemed for tangible personal property, is similarly considered a short-term rental of the device and is subject to tax. The consideration surrendered by

the player is for the utilization of the device itself and is not paid for the prize. This is evidenced by the fact that not every player obtains a prize or identical amounts of credit per play. Therefore, owners or operators of such devices must pay Westminster sales/use tax for the tickets, vouchers, and prizes purchased for use in the device or redemption by players thereafter.

Westminster sales/use tax does not have to be paid, by licensed device operators, when purchasing these devices, if the device will be held strictly for customer use.

Car Washes

Car washes are “coin operated” devices. Therefore, payment for utilization of a car wash device constitutes a short-term rental of the wash device. Additionally, customers are purchasing items dispensed by the wash device (e.g. soap, wax, etc.) as part of the transaction. Payment for the utilization of car wash devices and items dispensed by the devices is subject to Westminster city sales tax. Tax need not be stated or charged separately, but may be included in the price of utilization. This sale is subject to tax regardless of the method of payment and collection, including collection by an attendant.

Westminster sales/use tax does not have to be paid by licensed car wash operators when purchasing components of the wash device, provided the device will be held strictly for customer use. Similarly, replacement or repair components are also exempt. In order to qualify for exemption, the component must become a constituent part of the wash device such that its presence is essential for use of the device by the purchaser. Components including, but not limited to, coin/bill acceptors, meter boxes, receipt printers, water heaters or softeners, water recyclers, signage, lighting, and housing structures do not qualify for exemption. Purchases of tangible personal property dispensed by the wash device such as soap, wax, and other cleaners are also exempt when purchased for resale by a licensed car wash operator.

Examples

1. Vending Company A sells soda and candy through a “coin operated” vending machine. Each soda sells for \$0.50 per can. Westminster vending must remit the tax collected as part of this price.
2. Pool Hall B operates a pool hall where customers pay an attendant to use the pool tables and equipment by the hour. This per hour charge constitutes short-term rental of the tables and is subject to Westminster sales tax. The tax may be included in the price of rental.
3. Pool Hall B expands their pool hall adding a gaming room with various arcade games. They install a system that requires players to purchase a pre-paid debit card in order to activate the games, rather than using cash. The debit cards track the player's balance and can be used at any of Pool Hall B's locations throughout metro Denver. The initial purchase of the debit card by a player is not subject to sales tax. Pool Hall B must remit the tax collected as part of the amounts redeemed for the utilization of video games at their Westminster location.
4. Gas Station C operates a car wash and recently purchased a new compressor to replace a broken one. Because this compressor becomes a component part of the wash device, Gas Station C does not have to pay Westminster sales or use tax on the purchase.

Contact Us

For additional assistance, please contact us:

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Related Topics

Leased & Rented Property

Citations

Westminster Municipal Code

§ 4-1-5. Retailer Responsible for Collection & Payment of Tax

§ 4-2-2. Definitions

§ 4-2-3. Rate; Imposition & Collection; Distribution

§ 4-2-5. Transactions & Items Subject to Tax

§ 5-9-1. License Required

§ 5-9-3. Fees & Taxes

THIS GUIDANCE IS A SUMMARY IN LAYMEN'S TERMS OF THE RELEVANT WESTMINSTER TAX LAW FOR THIS TOPIC, INDUSTRY, OR BUSINESS SEGMENT. IT IS PROVIDED FOR THE CONVENIENCE OF TAXPAYERS AND IS NOT BINDING UPON THE CITY. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE WESTMINSTER MUNICIPAL CODE AND APPLICABLE RULES AND REGULATIONS. THIS GUIDE DOES NOT CONSTITUTE A CITY TAX POLICY.
