

Vending Machine Food Sales

This publication is designed to help you properly apply and pay sales tax for food sales you make through vending machines.

Vending machine operators generally need seller's permits

You generally need a seller's permit if you make sales through a vending machine. You need only one permit, regardless of how many machines you operate (the operator of the vending machine is the person who stocks the machine and collects money from it).

There are some exceptions. If you sell food through a vending machine for a price of 15 cents or less per item, you do not need a seller's permit. And certain groups do not need a seller's permit because their vending machine sales are not taxable. For example, parent-teacher associations or equivalent school or library support groups do not need a seller's permit for vending machine sales (see [publication 18](#), *Nonprofit Organizations*).

A seller's permit application, [BOE-400-SPA](#), *California Seller's Permit Application for Individuals/Partnerships/Corporations/Organizations (Regular or Temporary)*, and information are available from our website at www.boe.ca.gov, or our Taxpayer Information Section at 800-400-7115.

Applying tax to vending machine food sales

Tax generally applies to the sale of food in vending machines. However, some vending machine food sales are only partially taxable.

Partially taxable food sales. In a store, the sale of cold food items and individual hot drinks to go is generally exempt from sales tax. For example, tax does not apply when a grocery store sells candy, chips, fruit juice, and cups of hot coffee to go. However, the sale of those same items through a vending machine is partially taxable. Tax applies to 33 percent of your gross receipts from vending machine sales of cold food products (including noncarbonated water) and hot drinks (see *Exceptions*, below).

Exceptions: Tax does not apply to (1) bulk sales of candy and other food items in a coin-operated vending machine for 25 cents or less, and (2) sales of purified drinking water dispensed into a customer's container when the water enters the vending machine through local supply lines.

Fully taxable sales. Vending machine sales of all carbonated beverages and hot food products (other than hot beverages) are fully taxable, just as they would be in a store or at a restaurant.

Please note: Be sure to keep separate records of your partially taxable and fully taxable sales. If you sell products other than food in vending machines, those sales are generally taxable.

Sales and Use TAX FACTS

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For additional information you may download regulations, forms and publications from our website or you may call our Taxpayer Information Section to talk to a Board of Equalization representative.

BOE website and Board Member contact information:
www.boe.ca.gov

Taxpayer Information Section
800-400-7115
TTY: 711

Taxpayers' Rights Advocate
888-324-2798



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Properly reporting tax on your sales

We presume that the sales price of items you sell in a vending machine includes an amount for sales tax. When you complete your sales and use tax return, you must deduct that tax from your gross sales. Otherwise, you will pay too much sales tax with your return.

Calculating the tax you owe; taxable sales factors

Use the *sales tax factors* below to deduct the tax amounts included in your sales and to determine your taxable gross receipts. Factors are shown for 100 percent taxable sales and 33 percent taxable food sales. Be sure to use the factor for the rate in effect at the vending machine's location. For tax rates, see [publication 71, California City, County, and District Tax Rates](#), or our [website](#). The tax rates used in this table are effective July 1, 2009.

Tax rate	Factor for tax calculation		Tax rate	Factor for tax calculation	
	100% taxable	33% taxable		100% taxable	33% taxable
8.250 %	92.3788	32.1254	9.250 %	91.5332	32.0225
8.375	92.2722	32.1125	9.475	91.3451	31.9995
8.500	92.1659	32.0996	9.500	91.3242	31.9969
8.750	91.9540	32.0739	9.725	91.1369	31.9739
8.875	91.8485	32.0610	9.750	91.1162	31.9713
8.975	91.7642	32.0507	10.25	90.7029	31.9203
9.000	91.7431	32.0482	10.75	90.2935	31.8694

Taxable gross receipts worksheet—sample calculation

The worksheet below shows how to properly calculate the taxable gross receipts from vending machine sales and which figures to carry to your sales and use tax return. The example shows \$25,000 in total taxable sales: \$15,000 in 100 percent taxable sales and \$10,000 in 33 percent taxable sales. This example uses a tax rate of 8.25 percent, but you must use the rate in effect where your machines are located. If you have vending machines in locations with different tax rates, you will need to complete separate worksheets for each rate and combine totals to prepare your return.

Example	A. 100% taxable sales	B. 33% taxable sales	Total of A+B <i>round & carry to return line indicated</i>
1. Gross sales including tax	15,000.00	10,000.00	25,000 to return-gross sales
2. Taxable sales factor (see above)	X 92.3788%	X 32.1254%	
3. Taxable receipts without tax (gross sales x taxable sales factor)	13,856.82	3,212.54	
4. Tax rate (use rate where machines are located)	X 8.25%	X 8.25%	
5. Tax included in sales (line 3 taxable receipts X line 4 tax rate)	1,143.19	265.03	1,408.22 to return-sales tax included
6. Tax-exempt food sales (column B only: line 1 – line 3 – line 5)	n/a	6,522.43 (10,000 – 3,212.54 – 265.03)	6,522.43 to return-sales of food products

Note: This publication summarizes the law and applicable regulations in effect when the publication was written, as noted on the cover. However, changes in the law or in regulations may have occurred since that time. If there is a conflict between the text in this publication and the law, decisions will be based on the law and not on this publication.