

Vermont Meals Tax on Vending Machines

Food or beverages sold in vending machines are subject to the Vermont Meals Tax (Act 57 of 2015). This fact sheet describes how the meals tax applies to vending machines and explains exemptions from the tax based on such factors as location, the customer, and the operator of the vending machine.

General Rule: Taxable Food or Beverages

Food or beverages sold by restaurants and vending machines are considered meals subject to the meals tax because they are offered for immediate consumption. All food or beverages sold through a vending machine are therefore taxable.

Items subject to tax include foods commonly sold in vending machines, such as candy, potato chips, and cookies, even though they would be exempt from sales tax when purchased at a grocery store. Vendors are required to charge meals tax for all vending machine sales unless a transaction qualifies for one of the meals tax exemptions explained in this fact sheet.

Vermont Meals and Rooms Tax License

Vending machine operators are required to have a Vermont Meals and Rooms Tax license to collect and

Please note:

You may be aware that soft drinks are now subject to sales tax. Keep in mind that all beverages, including soft drinks, are subject to meals tax when sold in vending machines. Sales tax does not apply.

remit the tax to the Vermont Department of Taxes, but they do not need a license for each vending machine.

Signage for Vending Machines

Because tax is included in the purchase price, vending machine operators are required to display a sign on their machines to notify customers:

All prices include the Vermont Meals and Rooms Tax

Exceptions to the General Rule: Meals Tax Exemptions

Vermont imposes or exempts tax on items sold in vending machines depending on 1) where the vending machine is located, 2) the customer served, and 3) the organization that operates it. The following table explains these factors to help you determine whether or not the vending machine(s) you operate is subject to tax:

	Not Taxable	Taxable
VENDING MACHINE LOCATION		
Schools See 32 V.S.A. § 9202(9) for the definition of a school or contact the Department for guidance.	Sales by vending machines in schools are not taxable.	
Government Property	Sales by vending machines located on local, state, or federal government properties that serve or furnish food or beverage to government employees are not taxable.	The exemption is limited to government employees. Sales by vending machines that are open to the public, even though on government property, are taxable.

For more exceptions, see page 2

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Disclaimer: This fact sheet is intended to provide an overview only. Vermont tax statutes, regulations, Vermont Department of Taxes rulings, or court decisions supersede information provided in this fact sheet.

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	Not Taxable	Taxable
VENDING MACHINE LOCATION (cont.)		
Correctional Facilities	Sales by a vending machines in any local, state, or federal correctional facility that serves or furnishes food or beverage to inmates and employees of the correctional facility are not taxable.	The exemption is limited to sales to inmates and employees. Sales by a vending machine that is open to the public, even though located on the correctional facility's property, are taxable.
Hospitals See 18 V.S.A. § 1902 for the definition of a licensed hospital or contact the Department for guidance.	Sales by vending machines in licensed hospitals are not taxable if the vending machine contents are prepared by hospital employees.	Sales by vending machines in licensed hospitals are taxable if the contents in the machine are not prepared by hospital employees.
Trains, Buses, or Airplanes	Sales by vending machines located in trains, buses, or airplanes transporting passengers for hire are not taxable.	Sales by vending machines located in train stations, bus stations, or airports are taxable.
Summer Camps for Children	Sales by vending machines located in summer camps for children are not taxable while they are operating as summer camps for children.	Sales made by vending machines located at the camps are taxable when camps are not operating as summer camps for children.
Continuing Care Retirement Community See 8 V.S.A. § 8001 for the definition of certified continuing care retirement community or contact the Department for guidance.	Sales by vending machines located on the premises of certified continuing care retirement communities are not taxable.	
Nursing Home and Similar Care Facilities	Sales by vending machines located at nursing homes, residential care homes, assisted living residences, homes for the terminally ill, therapeutic community residences, or independent living facilities are not taxable if the contents are prepared by the employees, volunteers, or contractors.	Sales by vending machines located at nursing homes, residential care homes, assisted living residences, homes for the terminally ill, therapeutic community residences, or independent living facilities are taxable if the contents are not prepared by the employees, volunteers, or contractors.
VENDING MACHINE SALES TO SPECIFIC CUSTOMERS		
Sales to SNAP Beneficiaries	Purchases made using 3SquareVT/SNAP resources are not taxable if the machine is equipped to accept EBT cards.	SNAP beneficiaries who pay with cash, even if the cash is an EBT benefit, will pay the tax.
VENDING MACHINE SALES BY EMPLOYERS		
	If an employer is not eligible for an exemption as previously described and does not use a third-party distributor, then the employer must charge tax on purchases from vending machines it operates.	

For Vending Machine Sales by Nonprofits , see page 3

	Not Taxable	Taxable
VENDING MACHINE SALES BY NONPROFITS		
	<p>Sales by vending machines located on the premises of nonprofit corporations and associations are not taxable if all of the following apply:</p> <ul style="list-style-type: none"> • The nonprofit is organized and operated exclusively for religious or charitable purposes • The sale furthers the purposes of the organization • The net proceeds are used exclusively for the purposes of the organization 	<p>A third party vendor must charge tax on vending machine sales located on the premises of a nonprofit if any of the net proceeds go to a person or organization other than the nonprofit.</p>
<p>Use of Vending machines by a Nonprofit for an Event</p>	<p>Sales by vending machines are not taxable when nonprofits operate vending machines at bazaars, fairs, picnics, church suppers, or similar events, on or off premises. To use this exemption, nonprofits can only sell taxable meals at these types of events for four days or fewer per calendar year.</p> <p>Nonprofits may rent vending machines for use at events, but they must keep all of the net proceeds. No exemptions are available if third parties keep the net proceeds from events because sales then are considered to be by the third parties and not the nonprofits.</p> <p>See Vermont law at 32 V.S.A. § 9202(10)(D) (VII).</p>	<p>Sales made by an organization required to have a meals and rooms license or otherwise required to have a license because its selling events are more than four days during the calendar year, there is no exemption. Sales by vending machines must charge tax.</p>

To learn more about Vermont business taxes, see our website at www.tax.vermont.gov, or contact the Department's Business Tax Section at tax.business@vermont.gov or (802) 828-2551.

