

# QUARTERLY TAX REPORTING FORM INSTRUCTIONS

## I. COVER SHEET

### A. PLEASE PROVIDE THE FOLLOWING INFORMATION:

1. Operator license number, location name, address and phone number.
2. Circle the correct quarter.
3. Number of machines reported on the tax report and the ownership information.
4. Share of gross machine income, which includes the name(s) of person and/or entity receiving income, the SS# or FID and the amount(s) received before tax.
5. Total tax due, total amount of check and the check number, stapled to the front where indicated.
6. The machine owner or a designated representative must sign and date the quarterly tax report.

## II. GROSS INCOME PAGE

### A. PLEASE PROVIDE THE FOLLOWING INFORMATION:

1. Machine permit and serial number(s). **Use the correct fiscal year permit numbers.**
2. Circle the machine type: POKER, KENO, MULTI-GAME or BINGO.
3. Circle the credit value of the machine: DOLLAR, QUARTER, or NICKEL.
4. Write in the number of days the machine operated during the quarter. Do not use words like "partial" or "all".

### B. CALCULATION OF TAX:

1. Record the start of quarter **MECHANICAL** meter readings and the end of quarter **MECHANICAL** meter readings: BILL ACCEPTOR (if applicable)  
CREDITS IN  
CREDITS PAID  
CREDITS PLAYED  
CREDITS WON

**Credits played and won meter readings MUST be provided.**

2. Subtract the start of quarter meter readings from the end of quarter meter readings and divide the total by the conversion value for that machine. IE:  
 $\$1.00 = 1$        $25\text{¢} = 4$        $5\text{¢} = 20$
3. Add the bill acceptor total to the credits in total to come up with the total credits in (if applicable).
4. Subtract the credits paid total from the total credits in. This is the gross income for this machine.
5. Multiply the gross income by .15. This is the tax due for this machine.

#### EXAMPLE:

BILL ACCEPTOR:	\$ 37,955.00
CREDITS IN:	\$ 122.25
TOTAL CREDITS IN:	\$ 38,077.25
CREDITS PAID:	- \$ 31,855.00
GROSS INCOME:	\$ 6,222.25 x .15 = \$933.00 (TAX DUE)

### III. CHECK YOUR TAX CALCULATIONS

You can double check the tax calculation by using the credits won and credits played mechanical meters as illustrated below. Simply subtract the credits won during the quarter from the credits played during the quarter, divide the result by the appropriate conversion value, then multiply by .15

The following schedule is provided for your convenience.

A.	+ Credits played end of quarter	_____
B.	- Credits played beginning of quarter	_____
C.	- Credits won end of quarter	_____
D.	+ Credits won beginning of quarter	_____
E.	= Difference between credits won & credits played	_____
F.	Divide total on line E by appropriate conversion value	_____
G.	Multiply total on line F by .15	_____

The tax calculation on line G should equal the tax due using the mechanical bill acceptor, credits in and credits paid meters. If not, please take the following steps.

- a. Check your math in both calculations.
  - b. Check to make sure the meter readings are properly recorded.
  - c. Calculate the tax using the electronic meter readings. This step should confirm the proper amount of tax and help identify which meter(s) are malfunctioning.
  - d. **If the mechanical meters are malfunctioning, you need to shut the machine down until the mechanicals are functioning properly, repair or replace the meters and file the service report with the department. (IMPORTANT) Mechanical meter readings must still be submitted for this machine on the tax report; however, pay the tax for this machine using actual cash supported by electronic meter readings. You need to write the words "Actual Cash" above the tax due for this machine.**
6. A correctly programmed lifetime audit ticket is required to be submitted for each machine on the tax report. The audit ticket must be printed the same time the mechanical meters are read to complete this report. **(Print audit ticket, turn ticket over & record the mechanical meters on the back of the audit ticket.)** Staple the audit ticket(s) to the back of the corresponding gross income pages. **If you have removed the machine prior to the end of quarter, attach a copy of the letter of withdrawal, showing the lifetime audit ticket, to the back of the tax report. (Note Mont. Admin. R § 23.16.1822)**

#### **IV. ADDITIONAL TAX REPORTING INFORMATION**

**TAX FORMAT:** All operators are required to use the new tax report form provided. If a computer-generated form is used, it must duplicate the format provided.

**LOSSES:** If a machine has incurred a loss (pays out more than it takes in) for the quarter, enter \$0.00 in the tax due box. You **may not** deduct this loss from income earned on other machines. You **may not** carry this loss forward to the next quarter.

**THEFT LOSSES:** Theft losses resulting from a physical break-in to a machine, or manipulation of the machine by external means, are deductible from the gross income in the amount equal to the amount stolen from the machine(s) if, (1) the amount is not repaid by insurance; (2) a law enforcement agency investigated the theft; and (3) records support the loss. The loss **can only** be deducted from the gross income of the machine from which the theft occurred.

**SERVICE REPORTS:** Service reports must be completed and filed whenever mechanical or electronic meters are reset or replaced. **When electronic meters have been reset, attach a copy of the service report, showing the electronic meters, to the back of the tax report.**

**WITHDRAWALS:** If a machine is permanently taken out of play before the end of the fiscal year you must calculate and pay the tax on the machine for the period it was in play and file a letter of withdrawal (LOW) within 10 days of removal. **(Note Mont. Admin. R § 23.16.1822)**

**METER READINGS:** Mechanical meter readings may be taken as early as 7 days before the end of the quarter but **NO LATER** than 7 days after the end of the quarter.

**ROUNDING:** Round each machine tax due to the nearest dollar:  
(1¢ - 49¢ = round down) (50¢ - 99¢ = round up)

**COPIES:** Retain a copy of this tax report. The Machine Owner must request copies from the Department in writing and a charge may be assessed for each copy made.

**FILING DEADLINE:** Quarterly tax reporting forms must be postmarked no later than the 15th of the month following the end of the quarter. Forms submitted/mailed after the deadline will be subject to penalties.

**TAX PAYMENTS:** Make all checks, money orders or cashiers checks payable to “**Gambling Control Division**” and mail to GAMBLING CONTROL DIVISION, P O BOX 201424, HELENA, MONTANA 59620.

## **SELECTED ADMINISTRATIVE RULES OF MONTANA**

(To obtain a complete copy of the rules and statutes visit our Web Site at [www.doj.mt.gov](http://www.doj.mt.gov) or send \$10.00 by check or money order only made out to "Gambling Control Division", to the Department of Justice, Gambling Control Division, PO Box 201424, Helena, MT 59620-1424).

### **RULES REFERRING TO LETTER OF WITHDRAWAL REQUIREMENTS (Excerpts)**

#### Mont. Admin. R. 23.16.1822

- (6) A completed Letter of Withdrawal (LOW) must be submitted to the department when a permitted machine is removed from play prior to the renewal deadline of each year, June 30. The LOW must be submitted no later than 10 days from the date the machine is removed from play. A LOW form is available upon request from the department. The LOW is not complete unless it is dated and signed by the licensee, and contains all of the information and attachments required by the department. The provisions of this rule do not apply to a machine temporarily removed from play for repair service.
- (7) Completed LOWs must also be submitted to the department for machines removed from play for the following reasons:
  - (a) a licensed location is closed for remodeling and machines are out of play for 30 days or more;
  - (b) a licensed location is opened only seasonally and machines are out of play for 30 days or more; or
  - (c) the liquor license associated with a licensed location/operator is placed on non-use status and machines are taken out of play for 30 days or more.
- (8) In each of the circumstances outlined under (7), the LOW is due within 10 days of machine removal from play. In addition, a new permit will be issued if the machines are placed back in play at the location prior to the end of the fiscal year and no additional permit fee will be charged.

### **QUARTERLY REPORTING REQUIREMENTS (Entirety)**

#### Mont. Admin. R. 23.16.1826

- (1) Machine owner quarterly reporting requirements are as follows:
  - (a) For each machine the machine owner or his designated representative must file with the department a quarterly tax report signed by the machine owner or his designated representative. The forms prescribed and supplied by the department require readings from the mechanical and electronic meters as required by the act. The report will be used by the department to verify payment of all taxes and the winning percentage of the machine as required by the act. The following requirements apply:
    - i) The report must be delivered to the Gambling Control Division, 2550 Prospect Ave., P.O. Box 201424, Helena, Montana 59620-1424, or bear a United States postal service postmark not later than midnight of the 15th of the month following the quarters ending March 31, June 30, September 30, and December 31.
    - ii) The mechanical and electronic meter readings must be taken at the same time and recorded for the report within 7 days of the close of the operator's last day of business in the reporting quarter. The readings must be supported by the original printed accounting ticket.
    - iii) The report is due on each machine after it has been permitted.
  - (2) If a machine owner shares machine ownership, or a machine's revenues with another person or business entity, the machine owner or his designated representative must provide upon the same quarterly tax form prescribed by the department in (1) above, information for each machine as follows:
    - (a) full identification including name, address, and social security number (or federal identification number) of all persons or business entities involved in the above-mentioned business relationship;
    - (b) percentages of participation in machine income by each person or business entity involved in the above-mentioned business relationship; and
    - (c) specific machine income (total collections less amounts paid to players without adjustment for expenses) paid to and/or received by each person or business entity involved in the above-mentioned business relationship.
  - (3) Form 6 is a quarterly video gambling machine tax report; form 6 is incorporated by reference and is available from the Gambling Control Division, 2550 Prospect Ave., P.O. Box 201424, Helena, Montana

59620-1424.

(4) For the purposes of this rule the term theft includes the physical break-in or entry into the video gambling machine, or manipulation of the machine by external means, resulting in the accumulation of credits available for redemption without the insertion of money. If the gross income reported for a machine has been reduced to reflect a loss resulting from a theft from the machine, the machine owner or his designated representative shall submit the following information together with the quarterly report:

(a) documentation from a law enforcement agency verifying that the theft was reported;

(b) a letter or other document signed by the machine owner's business insurance agent indicating the amount paid or to be paid, if any, by the insurer to cover the loss resulting from the theft; and

(c) the last cash-access accounting ticket generated before the theft occurred and the first cash-access accounting ticket generated after the theft occurred. The tickets will be used by the department to calculate the maximum amount that may be deducted for a loss resulting from a theft.

(d) In all cases the theft loss must be supported by records required in ARM 23.16.1827.

5) If the machine owner or his designated representative fails to file the quarterly tax report or remit the required gross machine income tax when due, the following penalties will be assessed:

(a) 0 - 30 days late = 10% of tax due;

(b) 31 - 60 days late = 25% of tax due;

(c) 61 - 90 days late = 50% of tax due;

(d) 91 days or more = 100% of tax due.

(6) The imposition of these penalties does not preclude the department from taking further action against the machine owner responsible for preparing the report, including, but not limited to, temporary cease and desist orders under 23-5-136, MCA.

## **RECORD RETENTION REQUIREMENTS (Excerpts)**

### Mont. Admin. R. 23.16.1827

(1) Machine operation records must be maintained and made available for inspection by the Department upon request. The records must be maintained by the machine owner. The records must provide all necessary information the Department may require to ensure operation of machines in compliance with the law.

(2) The records must include:

(a) a correct lifetime audit ticket as provided for by Department rules, which must include progressive accounting data if applicable. The lifetime audit ticket must be printed for each machine at least once every 7 days;

(b) the exact copy of all printed ticket vouchers and audit tickets, i.e. the duplicate audit tape(s) created at the time each audit or payout ticket is printed;

(c) readings of each machine's mechanical meters at least once every 2 weeks;

(d) documentation of total actual cash counted for the licensed location for the same period as the mechanical meter readings were taken as required in subsection (2) (c) ; and

(e) a three-way reconciliation of the total actual cash count required in (2) (d), and the total cash activity reflected by both the electronic and mechanical meter readings required in (2) (b) and (c). The 3 totals, actual cash, electronic readings, and mechanical readings must be calculated and reconciled for the same time period and must be completed at least once every two weeks. Any material difference must be documented and the reason for the difference substantiated. A material difference means a difference in the amount of cash counted and the cash reflected by the meters that is the lesser of 5% of the total monies placed in the machines during the reconciliation time period or \$100.00. If the difference is due to gambling device malfunction(s), the device(s) must be taken out of play, repaired and service form(s) submitted to the Department, before the machine is returned to play. Following a material difference, the machine owner must maintain documentation of the cash count required by (2) (d) individual machine until notification is submitted to the Department to substantiate that the malfunction has been corrected.

(3) The machine owner's records required by this rule must be maintained in the state of Montana by the machine owner or his representative for a minimum of 3 years.

**RULES REFERRING TO ANY RESETTING OF ELECTRONIC METER READINGS**  
**(Excerpts)**

Mont. Admin. R. 23.16.1901

The machine must issue by activation of an external key switch, an accounting ticket containing a performance synopsis of the machine and progressive accounting data if applicable. The printing of all totals from the electronic meters shall occur automatically each time access occurs to either the logic compartment or any compartment where cash is collected. Whenever electronic meters are reset, each machine must produce a full accounting ticket both before and after each resetting. The tickets must be in the format prescribed by the Department and contain:

- (A) the name of the licensed establishment;
- (B) the name of city, town, or county in which the licensed establishment is located;
- (C) the serial number of the machine;
- (D) the time of day, in hours and minutes in a 24-hour format;
- (E) the current date;
- (F) the program name and revision number; and
- (G) the electronic meter readings required by the Department.