Video Gambling Machines

TAXES & METER READINGS

A GUIDE FOR ACCURATE VIDEO GAMBLING MACHINE TAX REPORTING

In the state of Montana, licensed gambling operators who own Video Gambling Machines (VGMs) may use this guide to compare their records to the VGM tax estimates issued from Gambling Control Division (GCD). GCD produces estimates from operator-supplied data submitted online via the TransAction Portal (TAP) or uploaded through a system interface.

HOW DO I KNOW WHAT MY ESTIMATES **SHOULD** BE?

COMPARE YOUR OWN RECORDS FOR EACH MACHINE TO WHAT IS REFLECTED ON TAP. CALCULATE YOUR TAX LIABILITY FOR EACH MACHINE USING THIS FORMULA:

CURRENT IN – CURRENT PAID – PREVIOUS IN + PREVIOUS PAID = $___ x (.15)

WHAT IF MY CALCULATION **DOES NOT MATCH** THE ESTIMATE I RECEIVED FROM GCD?
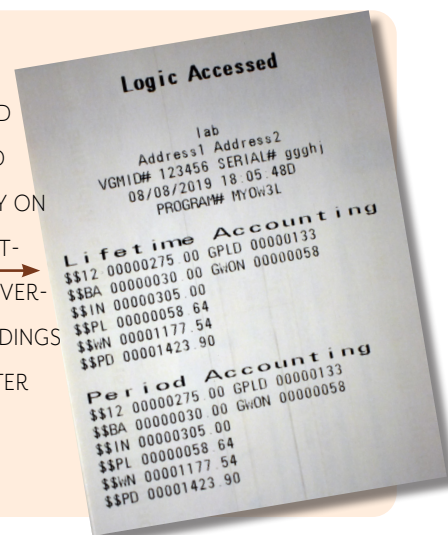
IF YOUR CALCULATION DOES NOT MATCH THE ESTIMATE FROM GCD, REVIEW THE FOLLOWING LIST TO IDENTIFY ERRORS AND CONTACT GCD TO RESOLVE ANY DISCREPANCIES.

I. CHECK SERVICE REPORTS

Identify any machines that underwent service over the course of the quarter. Review the following possibilities and report any found discrepancies to GCD.

♣ Was there a machine lock up, or are there any zeroed electronic meters? For machines with a service report that zeroed the electronic meters, the mechanical meters may need to be used to calculate the tax estimate. Use of mechanical meters will catch any play in between the last good Lifetime and the now zeroed meters.

♦ Did someone forget to enter a service report or accidentally duplicate a service report? Check if the same service report was mistakenly entered twice on TAP after a reset of electronic meters. The resulting discrepancies should be reported to GCD.

♥ Are there all zeros entered in both "Before" and "After" electronic meters in a service report on TAP? The last good ***Lifetime meter readings** generated prior to the machine zeroing are required in the "Before" field. It is unacceptable for the "Before" meter readings to contain all zeros.

♠ Compare your TAP service report entry to the electronic and mechanical meters recorded at the time of service for possible data entry errors.

*THE **LIFETIME METER READINGS** ARE PRINTED ON AUDIT TICKETS AND ACCOUNT FOR ALL PLAY ON A VGM SINCE THE SOFTWARE'S LAST ZEROING, VERSUS PERIOD METER READINGS WHICH COVER A SHORTER TIME SPAN.


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Logic Accessed

                    lab
            Address1 Address2
    VGMID# 123456  SERIAL# gghi
    08/08/2019 18 05 48D
            PROGRAM# MYOw3L

    Lifetime Accounting
$$12 00000275 00 GPLD 00000133
$$BA 00000030 00 GwON 00000058
$$IN 00000305 00
$$PL 00000058 64
$$wN 00001177 54
$$PD 00001423 90

    Period Accounting
$$12 00000275 00 GPLD 00000133
$$BA 00000030 00 GwON 00000058
$$IN 00000305 00
$$PL 00000058 64
$$wN 00001177 54
$$PD 00001423 90
```

II. CHECK THREE-WAY RECONCILIATION

Three-way reconciliation is the process of calculating and reconciling the amount of money a machine takes in and pays out for a certain period of time.

As required in ARM 23.16.1827(2)(e) a three-way reconciliation must be completed at least every two weeks. Use the formulas below to perform a three-way reconciliation:

CURRENT ELECTRONIC "IN" – PREVIOUS ELECTRONIC "IN" = "ACTUAL CASH"

CURRENT MECHANICAL "IN" – PREVIOUS MECHANICAL "IN" = "ACTUAL CASH"

♦ A total of the electronic and mechanical credits "in" calculations for the quarter should match the total "actual cash" collected for the quarter.

♠ ARM 23.16.1827 states, "any material difference must be documented and the reason for the difference substantiated."

*If the difference is related to a suspected machine malfunction, submit Form 50 and appropriate documentation right away.
Note: ARM 23.16.1904 requires submission within 24 hours of a suspected or confirmed VGM malfunction.

III. COMPARE END-OF-QUARTER METER READINGS

Compare your end-of-quarter TAP meter reading entry to the printed audit ticket for a possible data entry error.

KEY TERMS

ACTUAL CASH: Money taken out of the machine during the same time period the meter readings are collected.

ELECTRONIC OR SOFT METERS: Records created by the VGM software (also referred to as Lifetime Meter Readings).

MECHANICAL OR HARD METERS: Records created by the physical movement of a meter device within the VGM. These records are obtained manually through the visual inspection of the meter device.

METER READINGS: Records of activity on a VGM (either electronic or mechanical format) which include:

1) In
2) Played
3) Won
4) Paid
5) Current Credits (Electronic Meters Only)

NEED MORE TIPS?

Zero Tax Due? Double check machines whose tax estimate indicates no tax is due. This could be caused by a data entry error. Underpayment of taxes on a machine found as the result of an audit will result in a late penalty being assessed with the additional tax due.

While entering meters in TAP, keep an eye on the "date" fields. The "Quarter" field needs to be double checked to ensure you are using the correct quarter. TAP automatically sets the quarter date at certain intervals. If you have already entered your end-of-quarter meter readings, make sure to select the next quarter for your subsequent meter reading submission.

The "Report Date" field needs to be entered using the audit ticket's date, not the date you are entering the meter.

When submitting electronic (soft) meter readings to the Gambling Control Division, only use Lifetime meter readings, not Period meter readings.

Recording mechanical meter readings, many operators handwrite the mechanical meter readings on the back of printed electronic audit tickets. Never use the "admin hard meters" that may be printed on your audit ticket. *REMINDER: WHILE THESE MECHANICAL METER READINGS ARE ONLY REQUIRED TO BE SUBMITTED AT THE END OF THE QUARTER, THEY MUST BE RECORDED AT LEAST EVERY TWO WEEKS (EXCEPT THOSE MACHINES USING TIER 1 REPORTING).*

Make sure to read your mechanical meters and print out the electronic audit ticket at the same time.

Reference §§ ARM 23.16.1826, -1827, -1904 & MCA 23-5-610

ALWAYS CONTACT
GAMBLING CONTROL DIVISION WITH ANY
DISCOVERED DISCREPANCIES
OR IF YOU HAVE ANY QUESTIONS.

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