



Inland Revenue
Te Tari Taake

IR180
December 2023

Gaming machine duty

A guide for organisations that
operate gaming machines

Introduction

Organisations that operate gaming machines are required to pay a gaming machine duty (GMD) on the profits taken from these machines.

This guide explains which machines this applies to and how to calculate and pay the duty.

ird.govt.nz

Go to our website for information and to use our services and tools.

- **Log in or register for myIR** - manage your tax and entitlements online.
- **Calculators and tools** - use our calculators, worksheets and tools, for example, to check your tax code, find filing and payment dates, calculate your student loan repayment.
- **Forms and guides** - download our forms and guides.

Forgotten your user ID or password?

Request these online from the myIR login screen and we'll send them to the email address we hold for you.

How to get our forms and guides

You can get copies of our forms and guides at ird.govt.nz/forms-guides

Contents

Introduction	2
ird.govt.nz	2
How to get our forms and guides	2
Part 1 – About gaming machine duty (GMD)	4
What is gaming machine duty?	4
Which machines are gaming machines?	4
Who must pay GMD?	4
What to do if you're liable for GMD	5
Problem gambling levy	5
Record keeping	5
Part 2 – Calculating the duty	6
How GMD is calculated	6
Part 3 – Paperwork and payments	8
Filing returns	8
Paying the duty	8
Completing the IR680	8
How to make payments	10
Notice of assessment	11
If you disagree	11
If you do not pay the duty	12
Income tax	12
GST (Goods and services tax)	13
If you stop operating gaming machines	14
Late payment	14
Part 4 – Services you may need	15

Part 1 – About gaming machine duty (GMD)

What is gaming machine duty?

Gaming machine duty (GMD) is a duty payable on the "gaming machine profits" that an organisation takes from its gaming machines. It's charged at 20% of the profits.

Which machines are gaming machines?

A gaming machine is any machine or device that is adapted, designed or constructed for use in gambling.

It does not include:

- a device used only to draw a lottery
- a random selection device used for housie
- a device used only to dispense tickets that can not be used to decide the outcome of gambling
- a communication device that is used both to dispense tickets in and draw a lottery that is a sales promotion scheme.

Who must pay GMD?

All gaming machine operators must pay GMD. This includes:

- any society licensed to operate gaming machines under the Gambling Act 2003
- any person who operates a gaming machine, but is not licensed under the Gambling Act 2003.

What to do if you're liable for GMD

If you have to pay GMD, you should register as a gaming machine operator through **myIR**. Make sure you have your gaming machine license number and site number (if this applies).

If you're registering a new club, society or trust, you can do this online - ird.govt.nz/managing-my-tax/ird-numbers, or you can complete a **IRD number application – resident non-individual - IR596**.

You can get copies of our forms and guides at ird.govt.nz/forms-guides

Problem gambling levy

Problem gambling levy (PGL) is payable on gaming machine profits and is charged at 1.08% plus GST.

For further information about the development, management and delivery of the problem gambling strategy, contact the Ministry of Health or visit www.moh.govt.nz

Record keeping

You must keep full records of all the GMD you pay.

If we audit you, we may check these records.

Records must be in English or Māori, unless we've given you written authority to keep them in another language.

You need to keep these records for at least 7 years.

Part 2 – Calculating the duty

How GMD is calculated

If you're a gaming machine operator you must calculate and pay GMD for each calendar month. GMD is calculated on each machine's gaming machine profit. Gaming machine profit (GMP) is calculated for a given period as follows:

	The increase in metered turnover
<i>less</i>	the increase in metered total wins
<i>less</i>	jackpot prizes awarded (if these are not included in metered total wins)
<i>plus or minus</i>	required adjustments
<i>equals</i>	gaming machine profits

All gaming machines are connected to an electronic monitoring system (EMS). The EMS will show the following:

- the amount of money gambled on gaming machines
- the amount required to be banked
- the location and number of machines
- gaming machine usage
- machine faults and tampering.

GMD is calculated at 20% of all gaming machine profits and PGL is calculated at 1.08% of all gaming machine profits plus GST.

If your organisation is registered for GST, GMD then PGL must be calculated on gaming machine profits which are GST-inclusive.

Turnover means the total amount of all bets made on a gaming machine during the return period (this is the amount of money gambled on gaming machines).

Total wins means the total amount of all prizes paid from a gaming machine from all games during the return period. This includes individual game wins, but does not include wins awarded by a linked jackpot system.

Linked jackpot systems are of two basic types:

- downloadable and
- non-downloadable.

In both cases, wins awarded by these systems are recorded by the relevant EMS reports separately from "Total wins".

If, for any reason, a prize awarded by a gaming machine or jackpot system has not been paid out to a player, the amount won must not be included in the calculation of GMP. This can happen for example, when payment is refused on the grounds that the player is under-age, or the win has occurred as a result of faults or malfunctions of gambling equipment.

Gaming machine profit is calculated using the Department of Internal Affairs report, *The Gaming Machine - Monthly Meters plus Adjustments for Month Report*.

EMS produces a specific report at calendar monthly intervals to help calculate taxes and levies. This is the *Monthly Venue Activity - Society Level (7.2.10)* report. It's generated within 5 days of the end of the month. The report includes all relevant data to determine the amount of gaming machine profits for the preceding monthly period. Use this report to fill in the gaming machine profits section of your **Gaming machine duty - IR680** return.

For more help

If you need assistance in:

- interpreting EMS reports
- knowing when a GMP adjustment needs to be made
- calculating your gaming machine profits

contact your nearest Department of Internal Affairs Gambling Compliance office.

All gambling compliance staff can be contacted by phoning 0800 257 887.

EMS reports are available to registered users at www.dia.govt.nz (search keywords: Electronic Monitoring System (EMS)) then choose EMS reporting login.

For problems accessing the reports, please contact helpdesk@intralot.co.nz or phone 0800 468 725.

For general information on gaming machines, go to www.dia.govt.nz

Part 3 – Paperwork and payments

Filing returns

You must file your return and pay the duty each month, this can be done via **myIR** or you can request a return.

You can apply for a return period that ends within seven days either side of the last day of the month, if this will help you to coordinate your internal month-end accounting system.

Paying the duty

You must send us your return and payment by the 20th of the month following the month in which the gaming machine profits were collected. For example, the return and payment for July 2023 are due on 20 August 2023.

If the due date falls on the weekend or public holiday you can make your payment on the next working day without penalty.

If you made a loss or did not operate your gaming machine during the month, you must still file a "nil" return. Losses can not be carried forward because the gaming machine profit can not be less than zero.

Find all the details of our payment options at ird.govt.nz/pay

Completing the IR680

Complete your return via **myIR** or with the return you have been sent.

There's an example of an IR680 on page 9, showing the pre-printed details and the information you need to fill in.

Once you've completed it, tear off the bottom (pink) part and send it to us by the due date. Keep the top (white) part for your records.



Gaming machine duty

Gaming Duties Act 1971/Gambling Act 2003

IR680
July 2022

ABC Organisation
99 Riverside Terrace
Govantown

Your copy

IRD number	1 ▶	8 7 6 5 4 3 2 1
Period ended	2 ▶	3 1 1 0 2 0 X X
Gaming machine profits	3 ▶	\$ 10 000 .00
Gaming machine duty Multiply Box 3 by 0.2	3A ▶	\$ 2 000 .00
Net problem gambling levy Multiply Box 3 by 0.0108	3B ▶	\$ 1 31 .00
GST on net problem gambling levy Multiply Box 3B by 0.15	3C ▶	\$ 1 9 .65
Total payable Add Boxes 3A, 3B and 3C	4 ▶	\$ 2 150 .65

- Please read the notes on the back before completing this return.
- If you need any help, use the Gaming machine duty guide - IR180.

▲ Keep the top part for your records.

▼ Send the pink part to Inland Revenue.

IR680



Gaming machine duty

Inland Revenue copy

ABC Organisation
99 Riverside Terrace
Govantown

IRD number	1 ▶	8 7 6 5 4 3 2 1
Period ended	2 ▶	3 1 1 0 2 0 X X
Gaming machine profits	3 ▶	\$ 10 000 .00
Total payable copied from Box 4 above	4 ▶	\$ 2 150 .65

Declaration I declare the information given in this return is true and correct.

Signature

TP Hannah

20/11/XX
Date

OFFICE
USE ONLY

Correspondence indicator



Register for a myIR account to file your returns and make payments online

20 November 20XX

Gaming machine duty

IRD number	8 7 6 5 4 3 2 1
Period ended	3 1 1 0 2 0 X X
Amount enclosed	\$ 2 150 .65

These details will be preprinted.

Enter the amount of gaming machine profits for the month for all machines.

Enter the total amount payable here.

Sign and date.

These are preprinted.

Enter your payment.

How to make payments

You can make payments by:

- direct debit in **myIR**
- credit or debit card at **ird.govt.nz/pay**
- internet banking - most New Zealand banks have a pay tax option.

When making a payment, include:

- your IRD number
- the account type you are paying
- the period the payment relates to.

Find all the details of our payment options at **ird.govt.nz/pay**

Notice of assessment

We'll send you a notice of assessment after processing your return. The bottom portion will be an invoice showing the GST content of PGL. If we reassess an assessment, this will either be a debit or credit note.

If your organisation is registered for GST, you must include this information in your GST return.

If you disagree

On occasions you may disagree with our views or actions. You should use Inland Revenue's disputes resolution process if you:

- think an adjustment or assessment is wrong, or
- disagree with our **Notice of proposed adjustment - IR770**.

There are rules and time limits governing this process. For more information read our factsheet **If you disagree with an assessment - IR778**.

If you do not pay the duty

If you do not pay your GMD and PGL, we'll recover the amount from whoever is legally liable for your organisation's debts. By law, the officers, trustees, other managers or members of an organisation are jointly and severally liable for any GMD and PGL unpaid by the organisation.

We can also recover unpaid amounts from a third party who owes you money. This means the third party will make the payments to us instead of to you until the amount is paid.

Income tax

If you're licensed to operate gaming machines, all income from gross gambling proceeds is exempt from income tax.

To calculate your gross gambling proceeds take your:

	turnover
<i>plus</i>	interest or other investment return on the turnover
<i>plus</i>	proceeds from the sale of fittings, chattels and gambling equipment purchases from the turnover or investment return
<i>less</i>	prizes
<i>equals</i>	gross gambling proceeds

If your only source of income is from gross gambling proceeds, you'll automatically qualify for an exemption from income tax. If this situation applies to you, let us know so we don't send you any income tax returns.

If you receive other income, only the income from gross gambling proceeds will be exempt from income tax. In this case you'll need to file an income tax return, unless you have an exemption from us.

GST (goods and services tax)

If your taxable supplies (including gaming machine revenue) have exceeded or are expected to exceed \$60,000 in any 12-month period, you are required to register for GST. Even if your organisation is exempt from income tax, the exemption does not apply to GST.

If your organisation is not registered for GST, but may need to be, read our factsheet **GST - do you need to register IR365**.

GST is paid on gaming machine revenue. Gaming machine revenue for GST purposes is calculated in the same way as gaming machine profit for GMD - see page 6.

The Gaming Machine - Monthly Meters plus Adjustments Report should be prepared on a monthly-calendar cycle which coincides with the last day of your taxable periods for GST purposes. This means that the report prepared for the months during your taxable periods can be used to calculate the gaming machine revenue.

Problem gambling levy

In your GST returns, you may claim back the GST on PGL. We'll send you an invoice so that you have the necessary documentation to do this.

We'll also send you a credit note if we reassess a period that reduces PGL, or a debit note if we increase an earlier assessment.

The rules about when you may make claims depend on the GST accounting basis you are registered for. For more information about accounting for GST, see our **GST guide - IR375**.

If you stop operating gaming machines

If you are ceasing operations for a few months of the year, you must file “nil” returns for the months that your machines do not operate.

If you stop operating permanently you can send a message through myIR or by letter with your final return and tell us:

- when you stopped operating
- disposal details of the gaming machines.

If Internal Affairs cancels your licence as an operator or refuses to renew it, you must file a final return by the due date.

Late payment

If you do not pay a bill on time, you may have to pay penalties and interest.

Contact us if you are not able to pay on time. We'll look at your payment options, which may include an instalment arrangement.

Find out more at ird.govt.nz/penalties

Part 4 – Services you may need

Need to speak with us?

Have your IRD number ready and call us on one of these numbers.

General tax, tax credits and refunds	0800 775 247
Employer enquiries	0800 377 772
General business tax	0800 377 774
Overdue returns and payments	0800 227 771

We're open 8am to 6pm Monday to Friday.

We record all calls.

Our self-service lines are open 7 days a week. They offer a range of automated options, especially if you're enrolled with voice ID.

Find out more at ird.govt.nz/contact-us

Supporting businesses in our community

Our Community Compliance Officers offer free tax education and advice to businesses and small organisations, as well as seminars for personal tax and entitlements.

Our Kaitakawaenga Māori offer a free advisory service to help meet the needs of Māori individuals, organisations and businesses.

Go to a seminar or workshop, or request a visit from us to find out more about:

- records you need to keep
- taxes you need to know about
- using our online services
- completing your tax returns (for example GST, employer returns)
- filing returns and making payments
- your KiwiSaver obligations.

Go to ird.govt.nz/contact-us and select Request a business advisory visit to find out about requesting a visit.

Find a seminar or workshop near you at ird.govt.nz/seminars

Postal addresses

Returns	General correspondence
Inland Revenue PO Box 39090 Wellington Mail Centre Lower Hutt 5045	Inland Revenue PO Box 39010 Wellington Mail Centre Lower Hutt 5045

Privacy

Meeting your tax obligations means giving us accurate information so we can assess your tax and entitlements under the Acts we administer. We may charge penalties if you do not.

We may also exchange information about you with:

- some government agencies
- another country, if we have an information supply agreement with them, and
- Statistics New Zealand (for statistical purposes only).

You can ask for the personal information we hold about you. We'll give the information to you and correct any errors, unless we have a lawful reason not to. Find our full privacy policy at ird.govt.nz/privacy

If you have a complaint about our service

We're committed to providing you with a quality service. If there's a problem, we'd like to know about it and have the chance to fix it.

If you disagree with how we've assessed your tax, you may need to follow a formal disputes process.

Find out more about making a complaint, and the disputes process, at ird.govt.nz/disputes



Te Kāwanatanga o Aotearoa
New Zealand Government