

State of Wisconsin
Department of Revenue

Sales of Amusement Devices Are Taxable

Effective December 1, 2017, a video or electronic game (tangible or digital format) sold to a person in the business of selling admissions to amusement devices is exempt from Wisconsin sales and use tax if the video or electronic game is used exclusively for the amusement device.

The sale of the amusement device that holds the video or electronic game is subject to Wisconsin sales or use tax.

"Amusement device" means a single or multiplayer device, machine, or game played for amusement, the outcome of which depends at least in part on the skill, precision, dexterity, or knowledge of the person playing, but not predominantly on the element of chance. "Amusement device" includes a pinball machine, console machine, crane machine, claw machine, redemption game, stacker, arcade game, foosball or soccer table game, miniature racetrack or football machine, target or shooting gallery machine, basketball machine, shuffleboard table, kiddie ride game, Skee-Ball machine, air hockey machine, dart board, pool table, billiard table, or any other similar device, machine, or game. "Amusement device" does not include any device, machine, or game that is illegal to operate within this state.

If a sale includes both the amusement device and the video or electronic game, does the exemption apply to both?

- If the sales invoice for the amusement device separately states the sales price of the video or electronic game and the sales price of the amusement device, the video or electronic game is exempt and the amusement device is taxable.
- If the sales invoice for the amusement device has one price that includes the video or electronic game and the amusement device, the exemption does not apply and the entire charge is taxable.

Example 1: Arcade is in the business of providing taxable admission services through amusement devices. Arcade purchases a pinball machine (i.e., amusement device). The vendor's invoice to Arcade separately states the sales price of the pinball machine from the video game component of the pinball machine. The charge to Arcade for the pinball machine is taxable. The charge for the video game that is used in the pinball machine is exempt from tax because it is separately stated on the invoice.

Example 2: Distributor is in the business of providing taxable admission services through amusement devices. Distributor owns an arcade game console (i.e., amusement device) that is placed in a tavern. Distributor pays the owner of the tavern a commission based on the receipts Distributor receives from customers playing trivia and other arcade games on the

console. Distributor purchases a software upgrade (i.e., electronic game) from its vendor that can be played on the console, but does not replace the arcade game console. The charge to Distributor for the software upgrade is exempt.

Example 3: Distributor is in the business of providing taxable admission services through amusement devices. Distributor purchases a video gambling machine that will be placed in a tavern. A commission will be paid to the tavern based on receipts derived from the video gambling machine. Distributor's invoice from its vendor for the video gambling machine separately states the sales price of the video gambling machine from the electronic game that is a component of the video gambling machine. The entire charge for the video gambling machine and the electronic game is taxable, even though the electronic game is separately stated. The video gambling machine is not an amusement device for purposes of this exemption, because the definition of an amusement device excludes any device, machine, or game that is illegal to operate in Wisconsin. The operation of video gambling machines is in violation of Wisconsin law.

For more information, see the new tax law article titled "Exemption for Video and Electronic Games Sold to Amusement Device Operators," published in  Wisconsin Tax Bulletin #199 (pages 21-22).

February 7, 2018

[About Us](#) [Contact Us](#) [Employment](#) [Media Room](#) [Plain Language](#) [Privacy](#)
[Training](#)



Copyright © State of Wisconsin All Rights Reserved