

COLLECTION DOCKET CASH HANDLING

There can be some confusion regarding the cash distribution on a machine collection where the balance of income is shared after the supplier's rent or share, VAT and the Machine Gaming Duty (MGD) have been accounted for.

The principal elements of a collection* are:

- The number of days the collection relates to
- The Gross cash (£270.70)
- The Nett Take – the amount remaining after any sundry claims (£270.70)
- MGD – Machine Gaming Duty currently calculated at 20% (£54.14)
- The Supplier rent or share (£73.63)
- The VAT on the supplier rent of share (£14.73)
- The Location or Site Share (£71.47)
- The Company Share (£71.46)
- The VAT on the Company Share (£14.29)

The Collector will leave the following amounts on site with the licensee

- MGD (£54.14)
- The Location Share (£71.47)

When MGD was introduced by the government it was decided that payment of ALL MGD would be the responsibility of the site. The site is responsible for paying over the cumulative MGD on a quarterly basis to HMRC.

- The collector will remove the following amounts from site
- The Company share (£71.46)
- The VAT on the Company Share (£14.29)
- The supplier rent or share (£73.63)
- The VAT on the Supplier rent or share (£14.73)

The responsibility of the site is to

- Pay over the MGD to HMRC and submit the quarterly MGD return
- Account for the quarterly VAT on the Location Share of Income; the Company Share of Income; the VAT on the Supplier rent or share.

IMPORTANT: The VAT on the Company share of income and the Supplier rent or share are recoverable where the site is registered for VAT

The issue which can cause confusion is that the site is expecting to retain £71.47 of income share, but actually receives £96.59 which comprises **PART OF** the site share plus the MGD. The MGD amount is £54.14 therefore the amount remaining for the site share **at the point of the collection** is only £42.45 a shortfall of **£29.02**

This **SHORTFALL AMOUNT** is recovered on the quarterly VAT return and comprises the VAT on the Company Share (£14.29) and the VAT on the Supplier rent or share (£14.73) = **£29.02**

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The reporting dates for MGD and VAT may not be the same. This in turn can lead to further confusion about the recovery of the correct site share as MGD may need to be paid over before the VAT elements can be recovered. This should be reconciled by the site's accountant.

The Cash Distribution Ladder

RETAINED INCOME AT COLLECTION	REMOVED INCOME AT COLLECTION	ACTION
ALL MACHINE GAMING DUTY		RETAINED BY SITE AND PAID TO HMRC QUARTERLY
SITE OR LOCATION SHARE		RETAINED BY SITE
	COMPANY SHARE	PAID TO COMPANY BY SUPPLIER
	VAT ON COMPANY SHARE	RECOVERED BY SITE VIA QUARTERLY VAT RETURN
	SUPPLIER RENT OR SHARE	PAID TO SUPPLIER
	VAT ON SUPPLIER RENT OR SHARE	RECOVERED BY SITE VIA QUARTERLY VAT RETURN

Consequences

The consequences of not understanding the recovery of the VAT elements to effectively make good the site share, are that machines may be requested to be removed as they are seen to be incorrectly unviable or that the accounting for the income is too onerous

This method of collection has to be adopted because of the rules relating to the collection of Machine Gaming Duty imposed by Government. There is no alternative compliant method.

Collection Docket Example

*The supply terms in this example are 34% to the supplier (rent); 33% to the Site; 33% to the Company

COLLECTION DOCKET CASH HANDLING

Collection Date 01/03/2017
 Print Date 01 Mar 17 12:31:45
 Site Owner [REDACTED]
 Site Number 27815
 House Name [REDACTED]
 Address [REDACTED]
 tsmouth,
 Regal Amusement Machine Sales Ltd trading as Regal G
 aming, Preston PR5 8BF
 VAT No. 677 6765 66
 This is a VAT receipt
 Receipt No. 23191099

Bar Position 003
 Machine Name [REDACTED]
 Last Collection Date 22/02/2017
 Terms Set [REDACTED]
 Rent Schedule Terms
 Collection Days 7
 Declaration Date 01/03/2017
 Weekly Supplier Rent/FM
 Down Days 0
 Asset No. A292873 AWP
 Serial No. 6192800948
 Price Of Play 998
 EDC Read False

METERS

Meter Type	Present	Previous
Refill	2140	2140
Cash In	158269	148672
Cash Out	117110	110577
Change	1605	1605
VTP	325171	309204
Notes In	117600	110900
Notes Out	49000	46000
Hopper Level Start	247	0
Hopper Level Finish	350	0
Net Metered Notes	£370.00	

	Total	LOS	Banked
Gross Cash	270.70		
Nett Take	270.70		
MGD	54.14	54.14	
VAT Supplier	14.73		14.73
VAT on Comp. %	14.29		14.29
VAT Total		(29.02)	29.02
** Nett Less MGD (re	216.56		
Supplier %34	73.63		73.63
Post Rent Loc. %33	71.47	71.47	
Post Rent Co. %33	71.46		71.46
NETT CASH TOTALS	270.70	96.59	174.11

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EXAMPLE DOCUMENT

LOS = The amounts of cash left on site after the collection.

Banked= The amounts of cash removed from site after the collection.