

GOVERNMENT OF GUAM  
OFFICE OF THE GOVERNOR  
AGANA, GUAM

EXECUTIVE ORDER NO. 86-13

DEPARTMENT OF REVENUE AND TAXATION  
RULES AND REGULATIONS AFFECTING GROSS RECEIPTS TAX ON GROSS  
INCOME FROM COIN-ACTIVATED AMUSEMENT DEVICES

WHEREAS, Public Law No. 18-7 enacted §19543.0023 of the Government Code to exempt from gross receipts tax the amount of certain winnings, payouts or malfunction refunds paid to players of licensed amusement devices, and repealed and reenacted §19513.08 of the Government Code to require the filing of a report with the Department of Revenue and Taxation with respect to such winnings, payouts or malfunction refunds;

WHEREAS, the Department issued proposed rules and regulations to implement such changes in the law;

WHEREAS, a public hearing regarding such proposed rules and regulations was held on December 23, 1985 at which testimony was received with respect to such rules and regulations;

WHEREAS, the Director of Revenue and Taxation has adopted certain changes in the rules and regulations to reflect concerns which were expressed at the public hearing; and

WHEREAS, I have determined that the proposed regulations as so revised are appropriate and should now be promulgated;

NOW, THEREFORE, I, RICARDO J. BORDALLO, Governor of Guam, by virtue of the authority vested in me by §19501.0207 of the Government code and by the Organic Act of Guam, do hereby approve and promulgate the attached rules and regulations pertaining to gross receipts tax on gross income from coin-activated amusement devices.

SIGNED AND PROMULGATED at Agana, Guam, this 1st day  
of July, 1986.

  
RICARDO J. BORDALLO  
Governor of Guam

Countersigned:



EDWARD D. REYES  
Lieutenant Governor of Guam

Attachment

**Section 22010.19, Title 23, Division 1, Chapter 2,**  
**Subchapter A, Administrative Rules and Regulations of Guam**

**§22010.19 Gross Receipts Tax on Gross Income from Coin-Activated Amusement Devices**

(a) For the purpose of making returns and paying Gross Receipts Tax, the operator of any coin-activated amusement device (as defined in GC §19200.1(d)) shall include in gross income subject to tax all coins deposited in the device less the amount of winnings, payouts or malfunction refunds reported in the manner prescribed by §22010.19(b). In reporting and computing the tax, the operator shall not be entitled to deduct any amount received by the owner or lessee of the premises in which the device is situated as rent or other consideration for the location of the device on the premises, nor shall an operator who leases the device from its owner be entitled to deduct rent or other consideration for the use of the device, whether or not such amount in either case is paid from the coins deposited in the device.

(b) The amount of winnings, payouts or malfunction refunds to any player shall be exempt from the Gross Receipts Tax if reported accurately on a completed Schedule A to Form BR20. Copies of Form BR20 and Schedule A are attached as exhibits to this regulation. A separate Schedule A is required for each player to whom one or more payments is made during the month. In lieu of Schedule A, the operator may attach to Form BR20 another form of his or her selection which reports all of the information required by Schedule A. The Schedule A or substitute therefor shall report the name of the payee, the identifying number of the amusement device, and the date, amount and nature (whether winning, payout or malfunction refund). In order to establish a means for the Department of Revenue and Taxation to verify that the payment was actually made, the operator shall, prior to making payment to the player, make reasonable efforts to ascertain the address and social security

number (if the player has one) of the player, through inspection of his or her driver's license or other appropriate identification, and shall report such information on Schedule A or a substitute therefor. The deduction shall not be disallowed on the ground of a failure to report the address or social security number of the player if the player refuses to provide such information after the operator has made reasonable efforts to obtain the information. It shall be presumed that the operator has made reasonable efforts to obtain the information if he informs the player that such information has been requested by the Department of Revenue and Taxation for the substantiation of the operator's deduction for payment, and prominently displays a notice to that effect at the establishment in which the device is located.

(c) The owner or lessee of the premises in which a device is located shall include in his gross income any rent or other consideration for the location of the device at the premises, subject to any exemption available under §22010. The owner of the device shall include in his gross income any rent or other consideration received by him from the operator for the use of the device.

(d) The owner of the device shall be deemed to be its operator, except where the device is leased to another person in which case the lessee shall be deemed to be the operator.

(e) This regulation shall be effective with respect to Business Privilege Tax returns due to be filed on or after August 1, 1985.

Schedule A  
Form BR 20

REPORT OF WINNINGS, PAYOUTS  
AND MALFUNCTION REFUNDS BY  
OPERATORS OF COIN-ACTIVATED  
AMUSEMENT DEVICES

Month Ending \_\_\_\_\_

Name of Licensee: \_\_\_\_\_

Name of Payee: \_\_\_\_\_

Doing Business as: \_\_\_\_\_

Describe identification document  
examined: \_\_\_\_\_

Address: \_\_\_\_\_

Address of Payee: \_\_\_\_\_

Soc. Sec. No. of Payee: \_\_\_\_\_  
(If the name or social security number is not  
provided, attach a statement explaining why  
it cannot be provided)

<u>DATE OF PAYMENT</u>	<u>I D NO. OF AMUSEMENT DEVICE</u>	<u>NATURE OF PAYMENT (WINNING, PAYOUT MALFUNCTION REFUND)</u>	<u>AMOUNT</u>
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TOTAL \_\_\_\_\_