



Quality Coin Leisure

Machine Games Duty

The law has changed for most Amusement and Gaming machines...

On 1st February 2013 AMLD and VAT will be replaced with MGD

If you provide certain machines for play such as Fruit and Quiz machines, you are required by law to register for MGD (Machine Games Duty), keep detailed records and submit quarterly returns very much like VAT. You only need to be registered once per premises regardless of how many qualifying machines you provide for play.

You need to register if you provide or intend to provide MGD qualifying machines for play.

To register use the links below:

If you do NOT have a gateway account: <https://online.hmrc.gov.uk/registration/newbusiness/mgd>

If you DO have a gateway account: <https://online.hmrc.gov.uk/login>
then from the services you can add, just click on Machine Games Duty.

How does MGD affect you ?

With the introduction of MGD you should be financially better off on machines which are currently subject to AMLD. The tables below show the difference between the current AMLD and the new MGD on a cashbox of £500 over a period of 1 month.

AMLD (Old duty)		MGD (New duty)	
Net Cashbox:	£500.00	Net Cashbox:	£500.00
VAT:	£ 83.33-	VAT:	£ 0.00-
AMLD:	£ 85.00-	MGD:	£100.00-
Total:	£331.67	Total:	£400.00

ALL takings from machines which are subject to MGD are **EXEMPT** from VAT. If your machine expenditure is over £37,500 per year then your business may become partially VAT exempt. You may wish to speak to your accountant about this, however exceeding this threshold is very unlikely for individual pubs and small groups.

Profit Sharing equipment

This applies to you if you currently share the machines profits with us, regardless of the share ratio.

Using the tables above, you can see that on a 50 / 50 profit share you would receive £200, however because we are registered for VAT like many other businesses, HMRC expect to receive VAT on our income. This means we have to charge VAT on the share we receive, which to the HMRC is technically a rental charge to you.

Cashbox after MGD: £400

Supplier 50% share ("Rental Charge"): £200 + £40 VAT = £240

Site 50% share: £200 – £40 VAT = £160



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You will see at this point your share is less due to the VAT, however if you are registered for VAT you can claim this back on your next VAT return in the same way you do with your other purchases. We appreciate this is somewhat confusing but as long as you are registered for VAT there is no financial loss to you.

We can prepare and submit your MGD returns on your behalf free of charge which will dramatically reduce your workload.

Rental equipment

This applies to you if you currently pay a rental for the machine and keep all of the profits.

You will be invoiced as normal for the rental of your machines which will still incur VAT. If you are registered for VAT you are able to claim this back in the same way you do with your other purchases.