



# One-stop solution for all your amusement machine needs



Our product range includes:

- Fruit machines and Club fruit machines
- Juke boxes
- Pool tables
- Quiz machines
- Glass washers
- Dish washers
- Ice makers and bottle coolers
- CCTV
- Children's play systems and cranes
- Big screen LCD Tv's



A Guide to MGD  
[www.faircityamusements.co.uk](http://www.faircityamusements.co.uk)

On the 1<sup>st</sup> February 2013, the system of VAT and Amusement Machine Licence Duty was replaced by Machine Games Duty (MGD).

The following is an abbreviated summary of some key points and examples which are designed to help customers who are unfamiliar with the formalities of registering for MGD and to help licensees comply with their statutory obligations.

For more comprehensive details and examples we have included a number of links to the HMRC website. There you will find details on registering for and payment of MGD together with various application forms available for download to suit each individual applicant.

### Key Points:

#### Which machines are liable?

- MGD is chargeable on all machines where a cash prize exceeds the stake. For pubs and clubs this will apply to Category C, D and B3 machines (also known as Club Machines, AWP's or Fruit Machines) and Skill with Prize machines (also known as SWP's or Quiz Machines).  
MGD at 20% - Machines that have a Cash Jackpot over £8 and a Stake over 10p. SWP (Quiz Machines).
- MGD at 5% - Machines that have a Cash Jackpot under £8 and a Stake 10p or less.

#### Where do I register?

The online registration is found at [www.online.hmrc.gov.uk](http://www.online.hmrc.gov.uk). Before registering you must have a Government Gateway account for your business or organisation, ie not your personal Gateway ID. If you do not have an account already, you will need to apply for one. In most cases, when you obtain such an account you will automatically be enrolled for associated online services. Once the Government Gateway account is set-up, you will receive a unique ID number displayed on screen which you should record. **You will need this ID number and the password you create every time you wish to log-on to the HMRC Online Service.** For security reasons, HMRC will not either display this unique ID number again or confirm it in writing.

#### Calculating MGD

Net takings (gross takings - winnings) for standard rated machines x 20%

+

Net takings (gross takings - winnings) for lower rated machines x 5%

Losses may be carried forward between accounting periods.

Note that the net takings are MGD exclusive. So, MGD on net takings of £100 will be £20. VAT is currently calculated as included within net takings, whereby MGD will be calculated in addition to net take.

One calculation of MGD will be made across all of the operators machine games and any losses from one machine game is offset against the profits of another. Overall losses can be carried forward, but cannot be carried back or used to claim a refund.

#### When will my MGD returns be due?

Returns will be due quarterly on the last day of the month (Jan, Apr, Jul, Oct or Feb, May, Aug, Nov or Mar, Jun, Sep, Dec. Non-standard periods must be agreed with HMRC) and returns can be made online through the HMRC website.

## Period Return Example

The following is an example of how to complete the MGD period return where all machines have made a profit:

Box No.			Explanation
1	Number of machines available for play at the end of the return period	3	The premises have three machines. Enter '3' in box 1.
2	Total net takings liable to the standard rate of duty	£1,265.87	Enter the amount of the takings for the return period in box 2.
3	Total net takings liable to the lower rate of duty	0	The premises have no machines which are liable to the lower rate, so enter '0' in the box.
4	Total MGD due at the standard rate of duty	£253.17	Multiply the amount in box 2 by 20% (the standard rate of duty). The result is £253.17 (rounded to the nearest penny) which is entered in box 4. Check this by adding together all the amounts of MGD shown on Fair City Amusements collection receipts. The two figures should be the same.
5	Total MGD due at the lower rate of duty	0	The premises doesn't have any machines liable to the lower rate. Box 3 is nil, so John enters '0' in box 5.
6	Duty payable before any adjustments	£253.17	This is box 4 added to box 5, but since box 5 is '0' it's just the amount in box 4.
7	Any under declared duty from previous MGD periods	0	If the business realises that a mistake has been made on an earlier return, the amount can be entered here, though limits apply. If it is less than £10,000 it can always be entered here. If there are no previous errors simply enter '0'.
8	Enter the box 8 amount from your previous return	0	If the machines made a loss over the previous returns period then the negative amount of MGD should be entered here. Enter '0' in this box if none carried forward from previous period.
9	Enter any negative amount of duty to carry forward	0	If the machines have made a loss over this returns period enter the negative amount here. Enter '0' in this box if there are no losses for this period.
10	Total net duty payable on this return	£253.17	This is the total of box 6 plus anything in box 7. This is the duty which the business must pay for this return period.

## TOP TEN TIPS TO HELP YOU TO COMPLETE YOUR MACHINE GAMES DUTY (MGD) PAPER RETURN (MGD 6)

- Fill in your MGD return and send it to HMRC by the due date in the envelope provided. Make sure it reaches HMRC by the 30<sup>th</sup> day following the end of the return period. If the 30<sup>th</sup> day falls on a weekend or bank holiday your return and payment must reach HMRC by the **previous** working day. **Please see overleaf for 2014/15 deadline dates.**
- 2. You must complete an MGD return for every return period even if there is no MGD to pay. If you do not have any machine games takings in a period you must still submit a NIL return with '0' entered in the boxes as appropriate.
- 3. Make sure you sign and date your MGD return confirming that the information given is correct and complete. Send your completed return, which must have an original signature, to HMRC, Bradford, BD98 1YY in the envelope provided. If you lose your return you can phone the Excise Helpline on 0300 200 3700 to obtain a duplicate.
- 4. If you fill in box 2 then you must also fill in box 4 and box 6 . Also, if you fill in box 3 then you must also fill in box 5 and box 6.
- 5. You must always fill in boxes 6 and 10, even if NIL by entering '0'.
- 6. We expect most people to enter '0' in boxes 8 and 9. You should only enter a figure other than '0' in box 9 if you have a minus figure in box 6. For box 8 you should enter '0' unless you had a number in box 9 of your previous return.
- 7. Use your return to show your takings and account for the duty due that period. However, if on any previous return you failed to tell us about some MGD that you owe, enter the figure in Box 7 (up to an amount of £10K). Notice 452: MGD Section 15 provides more detailed information.
- 8. The payslip at the bottom of your MGD return tells you how to pay your MGD. HMRC recommends that you pay MGD electronically by either Direct Debit (to pay by Direct Debit you will need to 'sign up' to use HMRC online service), Billpay or Internet and phone banking. **Always send in your completed MGD return to HMRC in the envelope provided by the 'due' date.**
- 9. Remember, if you don't send your return and payment to HMRC on time, penalties may be charged.
- 10. You can always file your return online. To get started you will need to sign up to use HMRC's MGD Online service. For information on how to do this go to <http://www.hmrc.gov.uk/machinegamesduty/mgd-file-online.htm>

Don't forget that you can contact your Fair City Amusements area manager if you need any information regarding MGD or require further details of the services we offer.