

# Minnesota Lawful Gambling Tax

## Minnesota Department of Revenue Instructions

July 2025

### Need help with your taxes?

We're ready to answer your questions.

Website: **[www.revenue.state.mn.us](http://www.revenue.state.mn.us)**

Go to our website to file your return and pay taxes electronically, subscribe to receive email updates, or download forms and instructions.

Call: **651-297-1772**

Email: **[lawfulgambling.taxes@state.mn.us](mailto:lawfulgambling.taxes@state.mn.us)**

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## Directory

### Minnesota Department of Revenue

#### Information and Assistance (8–4:30, M-F)

Phone:

651-297-1772

Fax:

651-297-5192

Email:

lawfulgambling.taxes@state.mn.us

Website:

www.revenue.state.mn.us

Address:

Minnesota Department of Revenue

Mail Station 3350

600 N. Robert St.

St. Paul, MN 55146-3350

### Email Updates

Sign up for email updates on our website.

### Minnesota Gambling Control Board

#### Information and Assistance (8–4:30, M-F)

Phone:

651-539-1900

Website:

www.mn.gov/gcb

Address:

Minnesota Gambling Control Board

1711 West Cty. Rd. B.

Suite 300 South

Roseville, MN 55113

Periodically check our website at [www.revenue.state.mn.us](http://www.revenue.state.mn.us) for updates that apply to lawful gambling taxes.

Minnesota Statute Chapter 297E and Minnesota Rule 8122 relating to lawful gambling taxes are available at [www.leg.state.mn.us](http://www.leg.state.mn.us).

# What's New

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## Cash Count Removed from Annual Certified Physical Inventory

Effective July 1, 2025, organizations no longer need to count or report cash as part of their annual certified physical inventory. This 2025 law change simplifies the certified inventory process for organizations. Use the updated Form INV, *Annual Certified Physical Inventory by Site*, and Form CI, *Annual Certified Physical Inventory Summary* when completing your annual certified physical inventory.

## Reminders

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- **Electronic Pull-tabs Excluded from Organization Annual CPA Audit.** Organizations can exclude all electronic pull-tab gross receipts from total gross receipts for fiscal years ending after June 30, 2024. If the Gambling Control Board determines that a specific manufacturer's electronic pull-tabs are no longer eligible to be excluded, organizations will receive sufficient notification in order to comply with their annual audit requirements.
- **e-Services.** e-Services is a secure online service that is provided to individuals and businesses. Currently lawful gambling organizations can file, pay taxes, view letters and payments, update contact information and send the Department of Revenue secured messages 24 hours a day, seven days a week. To use our free e-Services system, go to [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and select Log in to e-Services under Top Tasks. If it is your first time logging in, you may need to contact the Department of Revenue.
- If you are a new lawful gambling organization, you must register with the Department of Revenue. You can register two ways:
  - By phone. Call our Business Registration Office at 651-282-5225 or 1-800-657-3605.
  - On paper. Complete Form ABR, *Application for Business Registration*, and submit either by mail or fax (for details, refer to ABR instructions, available on our website).
- If you changed your mailing or main address and/or contact information, you must notify the Department of Revenue. You can update your information using e-Services, calling Business Registration, or checking the box on Form G1, *Lawful Gambling Monthly Tax Return*, to indicate you have a new mailing address.
- To make sure that your returns and payments are correctly processed, you must include the following information on your return:
  - Minnesota Tax ID number
  - Federal ID number (FEIN)
  - License number
- Organizations are required to round to the nearest dollar when completing Form G1 and supporting schedules (Minnesota Statute 270C.301).
- **Reporting electronic pull-tabs.** If you conduct electronic pull-tabs, you must file your return electronically. **Note:** You must file an amended return on paper.
- **Check electronically filed returns for accuracy.** If you filed your return electronically and uploaded your return data, review it to ensure it's correct.
- **Keep gambling records.** Gambling-related records must be kept for at least 3.5 years. Played game remnants are considered tax records.
- **Amended returns.** You must file amended returns on paper.
- **Unrelated Business Income (UBI) Tax.** Gambling activities are considered unrelated business income. Organizations with unrelated business income are required to annually file Form M4NP, *Unrelated Business Income Tax Return* (available on our website). If you have questions, send an email to [ubi.taxes@state.mn.us](mailto:ubi.taxes@state.mn.us).

## Annual Certified Inventory

- All organizations must complete Form INV, *Annual Certified Physical Inventory by Site*, and Form CI, *Annual Certified Physical Inventory Summary*.
- If an organization conducts paper bingo, a copy of Form LG903, *Physical Inventory/Bingo Paper Monthly Summary* for each site must be included with the inventory.

## Sports-Themed Tipboards

- You must also include all sports-themed tipboards on Form INV, *Annual Certified Physical Inventory by Site*, when you complete your annual certified inventory at the end of your fiscal year.

# General Information

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## Who Must File

All licensed gambling organizations must file Form G1, *Lawful Gambling Monthly Tax Return*, and supporting schedules every month for which the gambling license is in effect even if there was no activity for the month.

## Before You Start

### You need both a federal and a Minnesota Tax ID number

Your federal ID number is also known as your Employer Identification Number (EIN), and is used to identify a business entity. If you do not have one, you can apply for one on the IRS website at [www.irs.gov](http://www.irs.gov) (search for employer ID number) or call 1-800-829-4933.

Your Minnesota ID number is the seven-digit number assigned to you when you register with the Department of Revenue. If you do not have one, apply for one online at [www.revenue.state.mn.us](http://www.revenue.state.mn.us) or call 651-282-5225 or 1-800-657-3605.

You must ensure that your federal and Minnesota ID numbers on all lawful gambling forms are correct and updated with the Department of Revenue.

## Filing Requirements

### Forms and schedules to submit to the Department of Revenue

For each month you do not have any gambling activity, you must complete and submit Form G1.

For each month you have gambling activity, you must complete and submit:

- **Form G1, *Lawful Gambling Monthly Tax Return***, to determine the amount of tax and fee you must pay each month.
- **Schedule B2, *Lawful Gambling Report of Barcoded Games***, to report paper pull-tabs, tipboards, sports-themed tipboards, paddletickets, and raffle boards closed and removed from play during the month. Complete a separate Schedule B2 for each type of game and operation, game status, and for each site.

### Additional forms and schedules you may need to include

**Barcode label sheet.** If you are filing by paper and played barcoded games during the month, attach the barcodes to this form, and file this sheet along with the other required forms and schedules. (Refer to *Sending Barcode Labels with Schedule B2* on pages 15-16.) If you file electronically, you do not have to include barcode label sheets.

**Schedule ER, *Lawful Gambling Tax Credits for Exempt Raffles*.** If you conducted tax-exempt raffles during the month, for which the net proceeds are used exclusively to help relieve the effects of poverty, homelessness or disability for an individual or family, complete Schedule ER to claim a nonrefundable tax credit. Include the schedule when you file your monthly return.

**Schedule NRL, *Net Receipts Loss*.** If you incurred a loss on the total net receipts for non-linked bingo, raffle and paddleticket activity, complete Schedule NRL to calculate a possible tax credit. File the schedule along with other required forms and schedules.

### Worksheet to complete, but do not file

**Worksheet E.** Complete this worksheet to record your net receipts for pull-tabs (paper and electronic), tipboards, linked bingo and interest and other income for fiscal year July 1 through June 30. Do not file this worksheet with the Department of Revenue.

## Annual forms

**Form INV, *Annual Certified Physical Inventory by Site*.** All organizations must annually complete and submit a separate Form INV to record the certified physical inventory for each site.

**Form CI, *Annual Certified Physical Inventory Summary*.** All organizations must annually complete and submit Form CI to summarize the inventory of all sites after physical inventories have been conducted.

## Due Dates and Extensions

### Filing Deadline

The regular due date for filing your monthly return (Form G1 and schedules) and paying the tax due is the 20th day of the month after the month for which the return is being filed. For example, your monthly return for January must be received by February 20. You must file your return by the due date even if no tax is due.

The U.S. postmark date, or date recorded or marked by a designated delivery service, is considered the filing date (private postage meter marks are not valid). When the due date falls on a Saturday, Sunday or legal holiday, returns postmarked on the next business day are considered timely. When a return is mailed late, the date it is received at the Department of Revenue is treated as the date filed.

If your return is incomplete, we will return it to you for completion. If the delay causes your return to be filed late, you will be subject to penalty and interest charges.

# General Information (continued)

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## If You Need a Filing Extension

To request a 30-day filing extension, you must contact us, in writing, by the regular due date (refer to *Directory* on page 2).

### Include the following information:

- Your name and address
- Your federal and state tax ID numbers
- Your license number
- The month for which you are requesting an extension
- The date you expect to file the return
- The reason(s) why you cannot file on time

We must receive your request by the regular due date of the return. We will notify you in writing if we approve or deny your request.

If we approve your request and the actual tax is more than the amount you paid, you will owe penalty and interest on the difference. Interest will be calculated from the regular due date until the date it is paid.

If we deny your request, we will indicate the date by which you must file the return

This is a filing extension only, however, not a payment extension. Estimate the tax and fee you owe for the month from Form G1, line 21, and pay the amount by the regular due date (refer to *Payment Options* on this page). Any tax not paid on time is subject to penalties and interest (refer to *Penalties and Interest* on page 6).

**Additional extensions.** You can request a filing extension of more than 30 days or an additional 30-day extension for a second month during a 12-month period. Estimate the tax and fee due on Form G1, line 21, and pay the amount by the regular due date (refer to *Payment Options* on this page).

You must request the additional extension in writing. Include the same information you provided in your initial request.

## Payment Options

### To Pay Electronically

If you paid more than \$10,000 in Minnesota excise taxes during the last 12-month period ending June 30, you are required to make your payments electronically. You must also pay electronically if you are required to pay any Minnesota business tax electronically, such as sales and withholding taxes. If you are required to pay electronically and pay by check, you will be assessed a 5% penalty.

You can make payments using our online system, e-Services. You will need your bank routing and account numbers. You may not use a foreign bank account. Go to our website at [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and log in to e-Services.

After you authorize the payment, you will receive a confirmation number. You can cancel a payment up to one business day before the scheduled payment date, if needed.

**Note:** If you are using the system for the first time and you need a temporary password, call our Business Registration Office at 651-282-5225 or 1-800-657-3605.

You can also pay by debit or credit card, or by ACH credit. For details, go to [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and enter **Make a Payment** in the Search box.

### To Pay by Check

If you are paying by check, you must include a payment voucher. Go to [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and enter **Voucher** in the Search box. Select e-Services Payment Voucher System and follow the prompts.

Make your check payable to Minnesota Revenue. Your check authorizes us to make a one-time electronic fund transfer from your account. You may not receive your canceled check.

**Note:** Organizations are required to round to the nearest dollar when making payments.

## Penalties and Interest

**Late payment.** A late-payment penalty is due if you file your return on time but do not pay all the tax due. If your payment is one to 30 days late, the penalty is 5% of the unpaid tax; 31 to 60 days late, 10%; over 60 days late, 15%.

**Repeat penalty.** If payment is late three or more times in a 25-month period, a repeat penalty of 25% of taxes owed will be assessed.

**Late filing.** If you do not file your return on time, you must pay an additional 5% of the unpaid tax.

# General Information (continued)

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Interest is figured on the total tax plus penalty from the date you should have paid the tax until the date the total is paid.

For interest rates, go to [www.revenue.state.mn.us](http://www.revenue.state.mn.us). Enter **Penalties and Interest for Businesses** in the Search box.

The same interest rates apply to refunds.

By law, payments are applied first to any penalties you owe, then to any interest, then to the tax.

**Payment method penalty.** If you are required to pay electronically and do not, an additional 5% penalty will be applied to check payments even if we receive the payment on time.

**Abatement.** You have the right to request an abatement of any penalty assessed. The abatement request must be in writing. Refer to the bill or tax order for detailed instructions. Abatements are not automatic and are reviewed on a case by case basis.

## Record Keeping Requirements

Every licensed organization is required to maintain complete, accurate and legible records supporting all gambling activities for the types of lawful gambling—bingo (linked and non-linked), paddletickets, raffles, tipboards, sports-themed tipboards, and pull-tabs (paper and electronic).

Records include, but are not limited to, the following items:

- All game remnants for pull-tab, tipboard, paddletickets, sports-themed tipboards, and raffle games
- Reports and statements, including records for each bingo occasion
- Cash journals, ledgers, deposit slips, register tapes and bank statements supporting gambling activity receipts
- Invoices for purchases of gambling products
- Canceled checks or substitute checks and other documents supporting gambling activity expenditures
- Organizational meeting minutes

## Record Retention

Gambling-related records must be kept for at least **3.5 years**, and may be inspected by the Department of Revenue at any reasonable time without notice or a search warrant.

The retention period for played games starts on the due date of the return on which you reported the game, or the date you actually filed the return, whichever is later. It does not start on the invoice purchase date or the date the game is removed from play. **There is no expiration on the retention of open (unplayed) games.**

For example, if you report a game as played on your July 2025 return (due August 20, 2025), the retention period begins August 20, 2025 and ends February 20, 2029.

Keep a copy of all tax returns, schedules and worksheets for your records, including all amended returns and supporting documents.

To view our *Record Retention for Barcoded Game Remnants* fact sheet, go to [www.revenue.state.mn.us](http://www.revenue.state.mn.us). Enter **Record Retention** in the Search box.

## Assembling Your Paper Return

Arrange the forms in the following order and staple:

1. Form G1
2. Schedule NRL
3. Schedule ER
4. Schedule B2
5. Barcode Label Sheet

Send only original completed returns, schedules and barcodes. Photocopies will not be accepted.

Do not attach Worksheet E; keep with your records.

### Mail to:

Minnesota Department of Revenue  
Mail Station 3350  
600 N. Robert St.  
St. Paul, MN 55146-3350

# General Information (continued)

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## Amended Returns

If you amend a return, it may affect the Combined Net Receipts Tax (Worksheet E) calculation on subsequent worksheets. If this happens, you must amend all returns that are affected. You must pay all additional tax due when you file the amended return. If you do not, we may assess penalty and interest on the unpaid tax. **Note:** You must file amended returns on paper.

To report changes to Form G1 and schedules, use the current forms and schedules. Be sure to check the amended check box at the top of each return and schedule. You only need to send in Department of Revenue forms that have changed.

**Important:** If you use tax software to prepare your Lawful Gambling Tax return, and you make a change to a previously filed return, remember to also file an amended return with the Department of Revenue.

## Closing Your Gambling Operation

All unplayed games in the organization's possession must either be returned to the distributor for credit or a refund, or sent to the Department of Revenue for destruction. This includes any unplayed bingo paper. Contact the Department of Revenue (refer to page 2) before shipping or bringing in any unplayed games. **The organization must not destroy unplayed games.**

Gambling-related records must be kept for **3.5 years** even if you are no longer in business.

You must continue to file your monthly tax returns for any month your gambling license is active.

If you have questions, contact the Department of Revenue.

# Form G1

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Fill out the top of Form G1 completely, including your federal and state tax ID numbers.

### Check the appropriate box if:

- The return is an amended return
- You are filing under an extension
- You had no gambling activity during the month to report on Form G1, lines 1 through 11. Even though you have no gambling activity, be sure to enter income from interest, dividends and other investments of gambling funds on line 5
- This is your final return. Check this box only if your organization is out of business
- You are including with Form G1 any of the schedules or forms listed. Check all that apply

## Line 1

### Non-Linked Bingo

Non-linked bingo is defined as a bingo occasion played at one location. Bingo activity includes any paper and hard card bingo, bar bingo, and any non-linked bingo.

To determine the gross receipts and prizes paid for non-linked bingo, total the gross sales and prizes paid from your tracking sheets.

Coupons and certificates are the only items that may be used to adjust the selling price of bingo hard cards, sheets, packets and packages (may be adjusted down to zero). The selling price is listed on the distributor's invoice. Adjusting the selling price with coupons or certificates will reduce the gross receipts from bingo reported on Form G1, line 1A. Report the gross receipts from bingo certificates at the time they are sold.

**Any missing bingo paper is considered sold and must be included in gross receipts.**

## Line 2

### Raffles

Report all raffles you conducted during the month including any tax-exempt raffles. To determine gross receipts and prizes paid for raffles, total your gross sales and prizes paid from your tracking sheets.

Frequently, raffles will extend over two or more months (from the purchase and sale of raffle tickets to the awarding of prizes). Report the gross receipts and prizes paid for the raffle in the month of the drawing. For raffles with more than one drawing during the play of the raffle, report gross receipts and prizes paid in the month of the first drawing. Organizations must account for all unsold raffle tickets.

**Note:** Remember to include any raffle boards reported on Schedule B2.

**Any missing raffle tickets are considered sold and must be included in gross receipts.**

**Tax-exempt raffles.** Organizations may conduct tax-exempt raffles if the net proceeds are used exclusively to help reduce the effects of poverty, homelessness or disability for an individual or family. Complete **Schedule ER, Lawful Gambling Tax Credits for Exempt Raffles** to determine the credit. The credit is nonrefundable and cannot be greater than your tax liability.

*Continued*

# Form G1 (continued)

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## Line 3

### Paddletickets

A paddleticket game is a sealed group of up to 100 paddleticket cards.

Even though each card has its own serial number, **use the serial number printed on the barcode** when reporting paddleticket games on Schedule B2.

At the end of the month, each group of paddletickets in play during the month **must be closed** and reported on Schedule B2. If all paddletickets have not been played, report all unplayed paddletickets as unsold on Schedule B2.

Send the barcode label with your tax return when the sealed group of tickets is removed from play. A sealed group of tickets is considered one play and one entry on Schedule B2.

From your Schedule B2s for paddletickets, enter:

- Total gross receipts from line 16, Column H on Form G1, line 3, Column A
- Total value of prizes paid from line 16, Column I on Form G1, line 3, Column B
- Total net receipts from line 16, Column J on Form G1, line 3, Column C

**Any missing paddletickets are considered sold and must be included in gross receipts.**

## Line 5

### Interest and Other Income

Total the interest earnings, advertising or sponsorship income, admission charges, cover charges and dividends from gambling savings accounts, certificates of deposit, mutual funds or other investments of gambling funds. (If you have investments in stocks, contact the Gambling Control Board.) Enter the amount in Columns A and C.

## Line 6

### Linked Bingo

Linked bingo is defined as a bingo occasion played at two or more locations. For more information, refer to Revenue Notice #13-05 available on our website. If you conducted any linked bingo during the month, report the activity on this line. **If you conduct electronic linked bingo, you must file your tax return electronically.**

## Line 7

### Tipboards

From your Schedule B2 for tipboards, enter:

- Total gross receipts from line 16, Column H on Form G1, line 7, Column A
- Total value of prizes paid from line 16, Column I on Form G1, line 7, Column B
- Total net receipts from line 16, Column J on Form G1, line 7, Column C line 8

**Any missing tipboards are considered sold and must be included in gross receipts.**

## Line 8

### Paper Pull-Tabs

From your Schedule B2 for pull-tabs, enter:

- Total gross receipts from line 16, Column H on Form G1, line 8, Column A
- Total value of prizes paid from line 16, Column I on Form G1, line 8, Column B
- Total net receipts from line 16, Column J on Form G1, line 8, Column C

**Any missing pull-tabs are considered sold and must be included in gross receipts.**

## Line 9

### Electronic Pull-Tabs

Report all electronic pull-tab activity conducted during the month. **If you conduct electronic pull-tabs, you must file your tax return electronically.**

**Note:** You must file amended returns on paper.

## Line 10

### Sports-Themed Tipboards

From your Schedule B2 for sports-themed tipboards, enter:

# Form G1 (continued)

- Total gross receipts from line 16, Column H on Form G1, line 10, Column A
- Total value of prizes paid from line 16, Column I on Form G1, line 10, Column B
- Total net receipts from line 16, Column J on Form G1, line 10, Column C

**Any missing sports-themed tipboards are considered sold and must be included in gross receipts.**

**Sports-themed tipboards are exempt from gambling taxes. Gross receipts from sports-themed tipboards are subject to the monthly regulatory fee.**

## Line 13

### Combined Net Receipts Tax (Worksheet E)

Complete Worksheet E to record gambling activity from July 1 through June 30 of each year and calculate the Combined Net Receipts Tax. Complete a new Worksheet E each July 1 and start over at zero. Keep the worksheet with your records; do not mail it to the Department of Revenue. **Make sure you are using the current Worksheet E (Rev. 7/23).**

## Line 15

### Net Receipts Tax Credit Used (Schedule NRL)

If the organization incurred a loss on the total net receipts for non-linked bingo, raffle and paddletickets, complete Schedule NRL to calculate a possible tax credit.

When you complete Schedule NRL, list only the months used to calculate the net receipts loss and the months the losses are used. The tax credit can be used when the loss is offset by positive net receipts in subsequent periods.

Enter the tax credit for the reporting period from Schedule NRL, Column E, as a positive number on Form G1, line 15. The tax credit is nonrefundable and cannot exceed the net receipts on Form G1, line 4c.

Attach Schedule NRL when you file Form G1.

## Line 16

### Exempt Raffle Tax Credit (Schedule ER)

If you conducted a tax-exempt raffle during the month, complete Schedule ER to claim an exempt raffle tax credit.

**Note:** You may conduct tax-exempt raffles if the net proceeds are used exclusively to help relieve the effects of poverty, homelessness or disability for an individual or family.

The tax credit is nonrefundable and cannot exceed the net receipts for raffles from Form G1, line 2C. Enter the tax credit for the reporting period from Schedule ER, line 4, as a positive number on Form G1, line 16.

Attach Schedule ER when you file Form G1.

## Line 21

### Total tax due or refund

Add lines 18, 19, and 20 to determine the amount you owe or your refund for the month (refer to *Payment Options* on page 5).

## Line 22

### Lawful Purpose Expenditures

This should be the total of lawful purpose expenditures paid during the month. Do not include lawful gambling taxes paid on this line.

## Line 24

### Allowable Expenses

Allowable expenses should equal the total allowable expenses paid during the month.

## Line 25

### Starting Cash

**Line 25a.** The starting cash banks per books should equal the total of start cash from all sites.

**Line 25b.** The unreimbursed starting cash banks should equal the total of unreimbursed starting cash banks from all sites.

## Sign the Return

The following are required to sign Form G1:

- The chief executive officer (CEO) of the organization
- The gambling manager of the organization
- The person who prepared the return

# Form G1 (continued)

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If the CEO or gambling manager are not available to sign the return, the organization may authorize other members to sign in their absence by passing a motion at a monthly membership meeting. The motion, second and vote must be documented in the meeting minutes.

Once an authorized signer has been documented in the meeting minutes, the designee can sign all future returns until the authorization has been revoked or changed.

However, the CEO and gambling manager are expected to sign the tax return. The organization is not allowed to have a designee sign the return simply as a convenience to the organization.

The person who prepared the return must also sign, date and enter his or her daytime phone number and name of the firm.

If there is an unpaid tax liability for the period being reported, the CEO, gambling manager and/or designees that actually sign the return may be held personally responsible for the unpaid tax liability.

**Note:** Information on your lawful gambling forms is public information.

## Schedule B2

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*Complete Schedule B2, Lawful Gambling Report of Barcoded Games, for each site to report all barcoded paper pull-tab, tipboard, paddleticket, sports-themed tipboard, and raffle board games you remove from play or inventory during the month.*

Complete a separate Schedule B2:

- For each type of game
- For each game status
- For each type of operation
- For each site

Before you put a game into play, be sure to verify that the serial and part numbers on the tickets and the flare barcode are the same (refer to *Defective Games* on pages 13-14).

If you computer-generate your schedules, list the games by the date they were removed from play starting with the earliest date.

Refer to pages 15-16 for instructions on sending barcode labels with your Schedules B2.

### Type of Game

Complete a separate Schedule B2 for each type of game (e.g., paper pull-tabs, tipboards, progressive tipboards, progressive pull-tabs, paddletickets, raffle boards, and sports-themed tipboards). For example, if you conduct paper pull-tabs and tipboards, complete separate Schedule B2s.

### Game Status

For each type of game, complete a separate Schedule B2 for games that:

- Were played
- Are defective (refer to *Defective Games* on pages 13-14)
- Are missing (refer to *Missing Games* on page 14)
- Are reported as fund loss (refer to *Reported as Fund Loss* on pages 14-15)
- Were destroyed with the Department of Revenue approval (refer to *Destroying Games* on page 15)
- Are fund loss games destroyed by the Department of Revenue (contact the Department of Revenue)

### Type of Operation

If you operate a combination site (i.e., you have a booth operation, a bar operation and/or pull-tab dispenser at the same site), complete separate Schedule B2s for each type of operation to separate cash shortages. Then, combine the amounts and report the total.

Once they have been put into play, games cannot be moved among bar operations, booths and/or pull-tab dispensers.

Include only games that have been removed from play or inventory by the end of the month.

# Schedule B2 (continued)

## Column Instructions

### Columns A and B

#### Manufacturer ID and Part Number

Enter the manufacturer's ID and the part number of the game. These numbers are printed on the barcode label (refer to sample below). **Do not enter game name.**

### Column C

#### Game Serial Number

Enter the game's serial number printed on the barcode label.

If the serial number on the label is not the same as the serial number on the individual game tickets, the game is defective (refer to *Defective Games* on pages 13-14).

### Column E

#### Ideal Gross Receipts

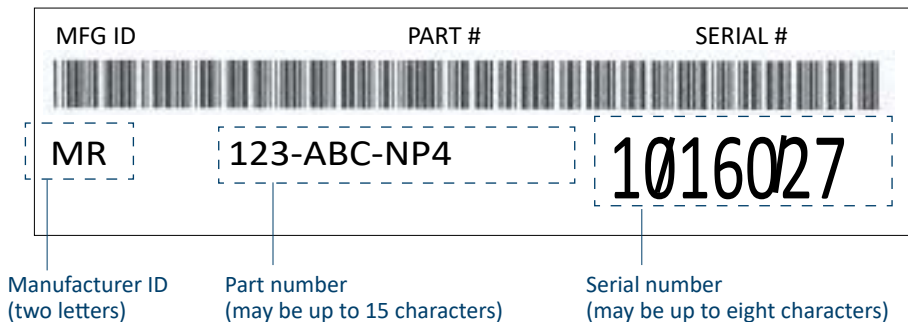
Enter the amount you would receive if all tickets were sold. This amount is printed on the flare and distributor's invoice.

### Column F

#### Ideal Prizes

Enter the amount that would be paid out if you paid all prizes in the game, including any "last sale" prizes. ("Last sale" prize amounts are printed on a sticker attached by a distributor to the flare.)

#### Sample barcode label



### Column G

#### Value of Unsold Tickets

Enter the value of tickets that were not sold when you removed the game from play. Unsold tickets must remain unopened. Unsold raffle tickets from raffle boards must remain with the game remnants.

### Column I

#### Value of Prizes Paid

Enter the total dollar value of redeemed valid winning tickets, including the dollar values of:

- Cash prizes
- Merchandise prizes (must be the same as the value listed on the flare)
- Any "last sale" prizes (amount is shown on the distributor invoice and on the sticker attached to the flare by the distributor)

For progressive tipboard prizes, report the dollar value of all cash prizes awarded plus the amount contributed to the progressive jackpot.

#### Prize Receipt Requirements

The following must be included on the prize receipt per Minnesota Rule 7861:

- Organization name
- Site name
- Game serial number
- Game name
- Date and time the prize was won (or, for electronic pull-tabs and electronic linked bingo, the date and time credits of \$600 or more were cashed out)
- Prize amount

# Schedule B2 (continued)

- Winner's complete name, address, and driver's license number
- Signature of the winner
- Signature of the seller

For prizes requiring a prize receipt, the prize receipts must contain all required information to be valid. Only redeemed valid prizes may be included on the tax return. If any of the above information is missing, prizes may be disallowed.

## Column J

### Net Receipts

If Column I is more than Column H, the game has negative net receipts (i.e., prizes paid out exceed the gross receipts for the game). Put parentheses around a negative amount.

## Column K

### Cash-in-Hand

Enter the amount of cash received from the game. Do not include cash from the starting cash bank (refer to Example A).

#### Example A

1. Cash count at end of game including starting bank . . . . . 300.00
2. Starting bank . . . . . 200.00
3. Column K: Cash-in-hand (subtract step 2 from step 1) . . . 100.00

If the cash-in-hand is a negative amount, put parentheses around the amount (refer to Example B).

#### Example B

1. Cash count at end of game including starting bank . . . . . 100.00
2. Starting bank . . . . . 200.00
3. Column K: Cash-in-hand(subtract step 2 from step 1) . . . (100.00)

**Reimbursing the Starting Bank.** If the cash-in-hand for a game is a negative amount, reimburse the starting bank by writing a check from your gambling account payable to "Cash Game Bank." Record the following information on the check memo line:

MEMO: Replenish game bank, date removed, Mfg. ID, part #, serial #

You should replenish starting cash banks within four business days after the game is removed from play. Starting banks not replenished by the end of the month should be reported as unreimbursed starting banks on Form G1, line 25b.

It is recommended that the organization maintain a reserve start bank (a cash bank amount that is kept in the safe and only used to temporarily replenish other active cash banks). When the cash-in-hand is a negative amount, the organization can use the reserve start bank to replenish the start bank. The organization should then reimburse their reserve bank as soon as reasonably possible by writing a check from the gambling account.

**Making Deposits.** Gambling receipts must be deposited in the gambling bank account within four business days after the game is removed from play for paper bingo, tipboard, paddleticket, raffle and paper pull-tab games.

Generally, the amount you deposit for the game is the same as the amount of cash-in-hand in Column K (refer to *Games with Merchandise Prizes* and *Progressive Tipboard or Pull-Tab Prizes* on page 13 for exceptions). On the deposit slip, list the amount from each game separately and include:

- Manufacturer ID
- Part number of the game
- Serial number of the game
- Site where the game was played

**Games with Merchandise Prizes.** Merchandise prizes must be paid for directly from the gambling bank account. If the game has merchandise prizes only, figure the cash-in-hand by subtracting the cost of the prizes from the cash count at the end of the game (i.e., the deposit amount) (refer to Example C).

# Schedule B2 (continued)

## Example C

1. Cash count at end of game **not** including starting bank . . . 300.00
2. Cost of merchandise prizes . . . . . 200.00
3. Column K: Cash-in-hand(subtract step 2 from step 1) . . . . 100.00

Organizations may not claim donated prizes as prizes paid.

List each game separately on the deposit slip.

**Progressive Tipboard or Pull-Tab Prizes.** Each progressive tipboard and pull-tab game played makes a contribution to the progressive jackpot included in Column I, but the amount of the jackpot prize is not actually paid out at that time. The deposit for the game is the profit from the game (net receipts) plus the progressive tipboard jackpot prize contribution. Figure the cash-in-hand by subtracting the amount of the jackpot contribution from the cash count at the end of the game excluding the starting bank (refer to Example D).

## Example D

1. Cash count at end of game including starting bank . . . . . 600.00
2. Starting bank . . . . . 300.00
3. Deposit (subtract step 2 from step 1) . . . . . 300.00
4. Contribution to progressive jackpot . . . . . 100.00
5. Column K: Cash-in-hand (subtract step 4 from step 3) . . . 200.00

## Column L

### Cash Long or Short

Subtract Column J from Column K. Refer to Example E for examples of how to subtract combinations of negative and positive numbers.

## Example E—Column K minus Column J

- **Subtracting a positive from a positive:**  
Col. K = 400 and Col. J = 500:  $400 - 500 = (100)$  cash short  
Col. K = 500 and Col. J = 400:  $500 - 400 = 100$  cash long
- **Subtracting a positive from a negative:** Calculate as if the positive is a negative and add.  
Col. K = (200) and Col. J = 300:  $(200) - 300 = (500)$  cash short
- **Subtracting a negative from a positive:** Calculate as if the negative is a positive and add.  
Col. K = 200 and Col. J = (300):  $200 - (300) = 500$  cash long
- **Subtracting a negative from a negative:** Calculate as if the second negative is a positive and add.  
Col. K = (500) and Col. J = (200):  $(500) - (200) = (300)$  cash short  
Col. K = (200) and Col. J = (500):  $(200) - (500) = 300$  cash long

## Defective Games

You may discover defective games before or after a game has been put into play, or after the game is removed from play. Examples of defective games include games with:

- Mismatched or multiple serial numbers
- Defective tickets (e.g., tickets that do not open, blank tickets, delaminated tickets [face and back separated], tickets with bad die cuts, bad glue or bad printing, etc.)
- Incorrect or missing information (e.g., incorrect selling prices on tickets or flare, flares without Minnesota logo, wrong flare with the game, etc.)
- Prize discrepancies (e.g., extra winners, not enough winners, prizes that do not match prizes listed on flare, etc.)

**Before you place a game into play,** check that the serial numbers on the sales invoice, barcode labels (on the box, inside the box and on the flare) and game tickets match.

If they do not, or if you find multiple serial numbers, return the game to the distributor for full credit for the cost of the game and taxes.

You must provide the distributor with a written statement that the game is defective. Record the date the game was returned to the distributor in your inventory records. Remember to get a receipt from the distributor when the game is picked up.

**Note for multiple serial numbers:** Your records should indicate all serial numbers.

**If the game is already in play,** remove it from play immediately and contact the Department of Revenue to report the defect. A game is “in play” if one ticket has been sold to a player. Report the game on a separate Schedule B2 for the period checking the “Defective” box at the top of the schedule.

Contact the Department of Revenue if a defective game was put into play.

Continued

# Schedule B2 (continued)

## Missing Games

You are 100% accountable for the games you purchase. We keep track of purchased games through monthly distributor reports of games sold. Games are tracked by barcode data (manufacturer ID, part number and serial number).

Periodically, you may receive a “missing game” letter from our office. It will include a list of games you purchased that have not been reported on a return as played. You will be asked to report the status of the games in question (e.g., unplayed, unopened inventory; played and reported on Schedule B2 and Form G1; returned to distributor for credit; missing, etc.).

If you cannot account for a game, contact the Department of Revenue for proper reporting of the game on your monthly tax return. You must pay any tax liability due.

## Reported as a Fund Loss

A fund loss by questionable means is defined as missing cash or inventory resulting from theft, burglary or unknown causes. A fund loss can include:

- Games that were never played
- Games that were partially played but had no receipts deposited
- Games that were partially played and had some receipts deposited
- Missing cash banks
- Closed games with missing cash

When you discover that a game has a fund loss, report it to local law enforcement officials:

- Within 24 hours for a loss from a pull-tab dispensing device
- Within five days of the discovery for all other forms of gambling

If the court orders restitution, or if you receive insurance reimbursement, contact the Gambling Control Board.

## How to Report a Fund Loss

Report a game with fund losses on Schedule B2. Complete a separate fund loss Schedule B2 for paddleticket, tipboard and pull-tab games. Do not report games with fund losses on the same schedule as played games.

If there are not enough game remnants to do an audit, or if the game has been tampered with, contact the Department of Revenue.

Complete Columns A through F of Schedule B2 and check the box “Reported as fund loss” at the top of the form.

Column G: Enter the dollar value of tickets not sold at the time of the loss. If reporting the game at ideal net receipts, enter zero.

Column I: Add the dollar values of each redeemed winning ticket and enter the total. If reporting the game at ideal net receipts, enter the amount from Column J.

Column K: Count the cash received from the game. Subtract from the total any starting cash bank, and enter the result in Column K.

If only some cash is lost or stolen, your cash-in-hand may be positive (refer to Example F).

### Example F—Fund loss: Some cash lost or stolen

- |  |        |
|--|--------|
| 1. Cash count at end of game including starting bank . . . . . | 300.00 |
| 2. Starting bank . . . . .                                     | 200.00 |
| 3. Column K: Cash-in-hand (subtract step 2 from step 1) . . .  | 100.00 |

If some or all of the cash is lost or stolen, including the starting cash bank, your cash-in-hand may be zero (refer to Example G). For fund losses, any missing starting bank is calculated separately from the game.

### Example G—Fund loss: All cash lost or stolen

- |   |        |
|---|--------|
| 1. Cash count at end of game including starting bank . . . . .                            | 0.00   |
| 2. Starting bank . . . . .  | 200.00 |
| 3. Column K: Cash-in-hand (subtract step 2 from step 1 if zero or less, enter zero) . . . | 0.00   |

Skip Column L: You should not report cash shorts or longs when reporting a fund loss.

Column M: Fill in date pulled.

To determine the total fund loss, total Columns G through K, and enter the results on Schedule B2, line 16. Then, subtract the Column K total from the Column J total. Add any missing starting cash bank. The result is your total fund loss.

# Schedule B2 (continued)

## Destroying Games

### Unplayed Games

#### Bingo Paper

If you wish to destroy bingo paper, contact the Department of Revenue to arrange for a delivery time.

### Barcoded Games

If you have a pull-tab, tipboard, paddleticket, sports-themed tipboard, or raffle board game that you do not want to put into play, or a damaged game that cannot be put into play, contact your distributor first to find out if you can get credit for the cost of the game and/or tax paid on the game.

If you cannot get credit for the game, contact the Department of Revenue.

You will be directed to send us the unplayed game so we can destroy it. We will send you a certified Schedule B2 along with a written receipt that the game was received and destroyed. You must keep the receipt in your permanent gambling records for at least 3.5 years.

If you destroy unplayed games without receiving approval, the game will be treated as a missing game. Contact the Department of Revenue for instructions on reporting this game on your next monthly tax return.

### Games Destroyed During a Natural Disaster

If unplayed games, games in play and/or played game remnants are destroyed by a natural disaster (e.g., fire, flood, tornado, etc.), contact the Department of Revenue for instructions.

### Played Games

You must keep all played game remnants for 3.5 years. The retention period starts on the due date of the return on which you reported the game, or the date you actually filed the return, whichever is later. Games must be destroyed by shredding, burning, soaking or other form of complete destruction.

If played games are destroyed prior to the 3.5 years, an assessment may be made based on ideal net receipts.

## Sending Barcode Labels with Schedule B2

There are three barcode labels with each game:

- One label attached to the box
- One label attached to the flare
- One label loose inside the box (or loose under the shrink wrap)

You must send in the loose barcode label from each game with your monthly return when filing on paper.

**If you file electronically, you do not have to send in barcode labels.**



Attach the label to the barcode label sheet available on our website. Place the labels in columns **in the same order as the games are listed on Schedule B2**. Use separate pages for played, fund loss, defective and missing games. If you have more than one gambling site, separate the pages by site.

Arrange the pages by gambling site in the order of played games, fund loss games, defective games and missing games, and place in the prescribed order (refer to *Assembling Your Return* on page 6).

When attaching the barcode labels:

- Make sure each barcode can be read. Do not overlap barcode labels
- Do not cut barcodes
- Do not send in duplicate barcodes
- Do not staple, overlap, tape, fold or arrange the barcodes out of order or hanging off the page
- **Do not send in photocopies of the barcodes**

### Sample barcode label sheet

			
<b>Barcode Label Sheet</b>			
Attach barcode labels within the boxed area of this sheet in the same order the games are reported on Schedule B2. Barcodes cannot overlap or be placed partially on the page. Use separate sheets for each type of game and game status, and each site.			
Name of Gambling Site		Federal ID Number (FEIN)	Minnesota Tax ID
Site Permit Number		Month/Year Reported	License Number
Type of Game (Check One):	<input type="checkbox"/> Paper Pull-tabs <input type="checkbox"/> Paddletickets <input type="checkbox"/> Progressive Tipboards <input type="checkbox"/> Raffle Boards <input type="checkbox"/> Tipboards <input type="checkbox"/> Sports-themed Tipboards <input type="checkbox"/> Progressive Pull-tabs	Game Status: These labels are from games (Check One) <input type="checkbox"/> Played <input type="checkbox"/> Reported as a Fund Loss <input type="checkbox"/> Missing <input type="checkbox"/> Defective	
Total Barcodes this Page			
<div></div>			
<small>(Rev. 7/20)</small>			

Continued

# Schedule B2 (continued)

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**If there is no loose barcode label in the game,** you must print the manufacturer's ID number, the part number and serial number on the label sheet in the space where you would have placed the loose label. Get the information off the label on the game or flare. Refer to the sample barcode label on page 11 to identify the information.

**Print the information clearly** in the same order as it is on the game label and draw a box around it.

The label information is read by our scanning system and matched with game information provided by distributors. As a result, we can track the games and notify you of any "missing" games (e.g., games you purchased that have not been reported on a monthly return).

For defective or destroyed games, contact the Department of Revenue.

Keep the barcode records for at least 3.5 years.

# Annual Certified Physical Inventory and Annual Financial Audit

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## Annual Certified Physical Inventory

All licensed organizations are required to conduct an annual certified physical inventory summary at the end of its fiscal year. This must be taken and submitted within 30 days of the organization's fiscal year end. This is required even if the organization has no physical inventory.

Use the following forms:

**Form INV, *Annual Certified Physical Inventory by Site*.** Use this form to record the site inventory of games in play and unplayed games. Use a separate form for each site.

### Part 1

Report each pull-tab, tipboard, raffle board, sports-themed tipboard, and paddleticket game with its manufacturer ID, part number, and serial number. There is no need to take games out of play to conduct the inventory. Use a separate form for each site.

Two members, officers, or employees of the organization who have been appointed by the organization's board and are not directly involved in the organization's gambling operation or an independent certified public accountant (CPA) must conduct the annual certified physical inventory. Part 1 must be completed and the form signed by these two individuals or a CPA.

### Part 2

If the organization conducts non-linked bingo, attach copies of each site's Form LG903, *Physical Inventory Control/ Bingo Paper Monthly Summary*.

A member of the organization's gambling operation may complete Part 2. **You must attach a copy of Form LG903 for the fiscal year-end. If you do not, your form will be considered incomplete.**

**Form CI, *Annual Certified Physical Inventory Summary*.** For each site, list the name and permit number for the site. Indicate if Form INV, Form LG903 or both are attached. The gambling manager and the CEO must complete and sign this form.

**Note: Forms INV and CI must be used, any other forms will not be accepted. Please make sure to mail all forms in together, even if you have multiple sites.**

### Requesting an Extension

If the annual certified physical inventory cannot be completed within 30 days of your fiscal year end, the organization's CEO, gambling manager or accountant hired to perform the certified physical inventory must request an extension via email, fax or mail.

If we approve the extension, the organization will have an additional 30 days to complete and submit the certified inventory.

## Annual Financial Audit

If your gross receipts from gambling are \$750,000 or more, you must have an annual audit of your gambling activities completed by a licensed CPA (refer to Minnesota Rule 8122). **Note: Organizations can exclude all electronic pull-tab gross receipts from total gross receipts for fiscal years ending after June 30, 2024. If the Gambling Control Board determines that a specific manufacturer's electronic pull-tabs are no longer eligible to be excluded, organizations will receive sufficient notification in order to comply with their annual audit requirements.**

The annual audit is due six months after your fiscal year end. Late filing may result in referral to The Gambling Control Board.

### Requesting an Extension

If the audit cannot be completed by the due date (six months after the end of your fiscal year), the organization's CEO, gambling manager or accountant hired to perform the audit must request an extension.

**Note:** Your fiscal year is the time period used for filing federal Form 990 or 990-T.



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