

# Procedures for Defective Games – Distributors & Manufacturers

Effective July 1, 2012, the MN Department of Revenue (DOR) has a new policy regarding defective games due to the repealed distributor tax.

- When an organization discovers a defective game was put into play, they will contact DOR to request form G7410
- DOR will send form G7410 to the organization with instructions to fill out section 1 and to send the form and all game remnants to the distributor who sold them the game. In addition, the organization will also be instructed that the game is to be reported on a separate Schedule B2.
- The organization will send form G7410 and the game to the distributor who sold them the game.
- The distributor will verify the number of unsold tickets and prizes paid and fill out Section 2 of form G7410.
- The distributor will contact the manufacturer regarding the defective game and send them the form G7410 and game remnants.
- The manufacturer will fill out Section 3 and send form G7410 to DOR
  - If the game remnants have been altered in any way by the manufacturer, they must indicate the changes on the form.

**Please note:** MN Rule 7861.0260 subp. 7 states; Return of defective pull-tab or tipboard game to distributor or revenue.

A. If, before being put into play, a pull-tab or tipboard game is determined not to be manufactured according to the standards in part 7864.0230, the organization must return the game to the distributor. The game must be returned within seven business days of determining that the standards, including the following, were not met:

- (1) serial number or form number of the tickets does not match the serial number or form number on the flare;
- (2) all tickets do not have the same serial number in a deal;
- (3) game has the same serial number and form number as another game manufactured by that manufacturer, in the organization's inventory;
- (4) geographic outline of the state of Minnesota as required by Minnesota Statutes, section 349.163, subdivision 5, does not appear on the flare for that game;
- (5) bar code required by Minnesota Statutes, section 349.163, subdivision 5, does not appear on the flare for that game;
- (6) prize amount on a ticket does not correspond to the prize amount listed on the flare;
- (7) ticket price does not correspond to the price listed on the flare; or

(8) a game was received from a distributor with the manufacturer's seal broken.

B. If, during the play of a pull-tab or tipboard game, the game is determined not to be manufactured according to the standards in part 7864.0230, the organization must immediately remove the game from play and report it as a played game on the tax return.

(1) The organization must return the game to the distributor with documentation that the game does not meet the standards, including but not limited to item A, subitems (4) to (7).

**(2) For a game not manufactured in compliance with item A, subitem (1), (2), or (3), the organization must surrender the game to the commissioner of revenue.**

C. If, after a pull-tab or tipboard game is removed from play, the game is determined not to be manufactured according to the standards in part 7864.0230, the organization must report the game as played on the tax return.

(1) The organization must return the game to the distributor with documentation that the game does not meet the standards, including but not limited to item A, subitems (4) to (7).

**(2) For a game not manufactured in compliance with item A, subitem (1), (2), or (3), the organization must surrender the game to the commissioner of revenue.**

D. The organization must keep any game that is returned by the distributor as a played game.

Paragraph A items 1, 2 and 3 are surrendered to DOR, instead of being sent by the organization to the distributor.