

SUL ROSS STATE UNIVERSITY

A Member of the Texas State University System

State Sales Tax Exemptions and Responsibilities

APM 3.08 (Reviewed 5/2012)

- A. Sul Ross State University adheres to guidelines on sales tax exemptions and responsibilities for universities issued by the State Comptroller's Office, June 20, 1980.
- B. Exempt Entities - To be exempt from the sales tax, a college or university must have been created or authorized by the Texas Legislature or qualify as a nonprofit organization under TEX. TAX. - GEN. ANN. art. 20.04.

A college or university that qualifies as an exempt organization does not have to pay sales tax on the cost of merchandise necessary to the function of the institution when the merchandise is purchased for use by the institution and is paid for by the institution.

- C. Exemption Certificates - An exemption certificate in a form prescribed by the Comptroller is usually issued by an exempt organization or its authorized employees to make tax-free purchases of merchandise for the organization.

An exemption certificate must be given to the vendor when an authorized employee of an exempt organization makes a cash purchase of merchandise for the organization. A purchase voucher issued by a State college or university is, by policy, sufficient proof that the institution is an exempt organization.

- D. Employees Not Exempt - An employee of a college or university cannot claim an exemption from the sales tax when purchasing items of a personal nature even though the employee receives an allowance or reimbursement from the institution.
- E. Cafeteria/Bookstore - A State college or university that operates a cafeteria or bookstore is not required to have a sales tax permit but must collect sales tax on taxable sales and deposit the tax collected in accordance with the Comptroller's Accounting Policy Statement No. 12. Other exempt organizations that make taxable sales must obtain a sales tax permit and remit the tax to the Comptroller. Sales tax is due on the sale of food products, including soft drinks and candy, in a dormitory.
- F. Student Organizations - A school-sponsored student organization such as a football or basketball team may issue an exemption certificate in lieu of sales tax on the cost of meals served by a restaurant when the organization is traveling at the expense of the college or university.

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- G. Hotel Occupancy Tax - A person traveling on official business for an exempt organization must pay sales tax on taxable purchases. Employees are exempt from paying the Hotel Occupancy Tax when traveling on official State business within Texas. A completed Hotel Occupancy Tax Exemption Certificate is required.