

# Sales Tax Questions: Paying sales tax

## Purchases

Any purchases made in the name of the school district or for a group of the school district are exempt from sales tax. Exempt organizations are entitled to an exemption only on items purchased and used directly and exclusively in pursuit of the exempt purpose. For school districts, items purchased must relate to the educational process.

Purchases made by individual members or teachers/coaches of classes or teams are not exempt even though they are connected with a school or a school organization. Examples are: cheerleaders purchasing their own uniforms, band members purchasing their own instrument, or science students purchasing a science board.

When making a tax exempt purchase you will need a **Tax Exemption Certificate**. The Texas Sales and Use Tax Exemption Certificate should be presented each time a purchase is made. It must state that the merchandise being purchased is for the organization's own use in providing education, is being made in the name of the organization, and that payment will be made from the organization's own funds.

## Travel

Educational organizations and their employees traveling on school district business are exempt from the Texas **state** hotel tax but must pay local tax. The **Texas Hotel Occupancy Tax Exemption Certificate** must be presented at the time of registration at the hotel. This exemption applies only to Texas state occupancy tax. There is no exemption from state taxes of other states.

Meals purchased by the school for group student travel on authorized school trips are exempt from the sales tax only if the school contracts for meals. (This would also apply for banquets for school groups.) Generally, the meal must be paid for with a school check and the exemption certificate must be presented. Individual members of the groups may not claim exemption from sales tax on meals they purchase while on a school or school district authorized trip.

# Sales Tax Questions: Charging sales tax

## Taxable Sales vs. Non-taxable Sales

When an individual purchases a tangible item and it becomes the personal property of someone, it is taxable. It is irrelevant if the school logo is on the item or that the item will be utilized by a student in a school group for a school function.

School districts, schools, and school groups selling taxable items must collect and remit the tax. The items or activities on the following lists have been identified as being taxable or non-taxable by the Texas Comptrollers' Office when sold or sponsored by a school, by an organization within a school, PTAs, Booster Clubs, and employee associations. Whether taxable or not, all sales are reportable as sales on line 1 of the Texas Sales and Use Tax Return. The lists are not all-inclusive but may help you make determinations on other similar sales.

### NON-TAXABLE SALES

Ad sales - in yearbooks, athletic programs, newspapers, posters
Admission – athletic, dances, dance performances, drama and musical performances
Admission – summer camps, clinics, workshops, project graduation
Admission – banquet fees
Admission - bids, prom, homecoming
Admission - tournament fees, academic competition fees
Cosmetology services (Products sold to customers are taxable)
Discount/Entertainment cards and books
Facility rentals for school groups
Food items sold during fundraisers (including annual plants and seeds that produce food for human consumption)
Labor - automotive, upholstery classes (parts are taxable)
Magazine subscriptions greater than six months
Parking permits
Services - car wash, cleaning

## TAXABLE SALES

Agenda books		Magazines – subscriptions less than six months
Agricultural sales		Magazines - when sold individually
Art - supplies and works of art		Musical supplies - recorders, reeds
Artistic - CDs, tapes, videos		Parts - career & technology classes (not to include products used in cosmetology)
Athletic - equipment and uniforms		Parts - upholstery
Auction items sold		PE - uniforms, supplies
Automotive - parts and supplies		Pennants
Band - equipment, supplies, patches, badges, uniform sales or rentals		Pictures - school, group (if school is the seller)
Book covers		Plants - holiday greenery and poinsettias
Books - workbooks, vocabulary, library, author (when we are the seller)		Rentals - equipment of any kind
Brochure items		Rentals - uniforms of any kind, towels
Calculators		Repairs to tangible personal property (i.e., computer repair, house remodeling)
Calendars		Rings and other school jewelry
Candles		Rummage, yard, and garage sales
Car - painting, pin striping		Safety supplies
Clothing - school, club, class, spirit		School publications - athletic programs, posters
Computer - supplies, mouse pads		School publications - brochures
Cosmetology products sold to customers		School publications - magazines (unless > six month subscription)
Cups - glass, plastic, paper		School publications - newsletters, newspapers (generally are not sold though)
Decals		School publications - reading books
Directories - student, faculty		School publications - sheet music, hymnals
Drafting – supplies		School publications - yearbooks
Family and Consumer Science - supplies and sewing kits		School store - all items (except food)
Fees - copies, printing, laminating		Science - science kits, boards, supplies
Flowers - roses, carnations, arrangements		Spirit items
Greeting Cards		Stadium seats
Handicrafts		Stationery
Horticulture items		Supplies – any sold to students
Hygiene supplies		Uniforms - any type to include PE, dance team, drill team, cheerleaders, athletic, club shirts
Identification cards – when they are sold to entire student body (not just the fine for a lost ID card)		Vending - pencils and other non-edible supplies when the school services the machine
Locks - sales and rentals		Woodworking crafts - entire sale to include parts and labor
Lumber		Yard signs
Merchandise, tangible personal property		