



**Angelo State University  
Operating Policy and Procedure**

**OP 14.08: Sales Tax Collection**

**DATE:** May 31, 2011

**PURPOSE:** The purpose of this Operating Policy and/or Procedure (OP) is to establish guidelines for the collection and deposit of sales tax in compliance with rules established by the State Comptroller of Public Accounts. This OP describes and lists examples of items on which the collection of sales tax is required and provides general sales tax information.

**REVIEW:** This OP will be reviewed in July of odd numbered years by the accounts payable manager, in conjunction with the executive director/controller, with recommendations for revision forwarded through the vice presidents to the president by September 15 of the same year.

**POLICY/PROCEDURE**

**1. General**

- a. Although Angelo State University is a tax-exempt organization, the exemption applies to items purchased, not sold.
- b. The sales tax applies to a broad base on services and items. Meal plans, included in room and board payments, are one example of a taxable item.
- c. Items sold to other university departments or exempt organizations are not taxable. A tax exemption certificate must be obtained from the exempt organization. Exemption certificates are available online at <http://www.window.state.tx.us/taxinfo/taxforms/01-3392.pdf>.
- d. Decisions on issues relating to sales tax are based on State of Texas statutes. Current state laws will be followed and they will supersede policies included in this OP.

**2. Tax Rate**

The current sales tax rate is 8.25 percent of taxable sales. This percentage should be added to all taxable items or included in the price.

**3. Sales of Goods and or Services**

- a. Food Items

All hot food sold in dining halls and the snack bar is taxable. All packaged, ready-to-eat food is taxable. Food products that require additional preparation by the purchaser, such

as cooking or thawing, are not taxed (e.g., a ready-to-eat bag of popcorn is taxable; packaged popcorn to prepare at home is not taxed).

b. Parking

Colleges, universities, and public schools are not required to collect sales tax on parking permits and fees charged to their students, faculty, or staff for parking. However, charges to the general public for parking are taxable.

c. Other Sales

i. See Texas Tax Publication 96-280 at

[http://www.window.state.tx.us/taxinfo/taxpubs/tx96\\_280.pdf](http://www.window.state.tx.us/taxinfo/taxpubs/tx96_280.pdf) for examples of common taxable items.

ii. Advertising sold is not taxable.

#### **4 Method of Deposit**

a. Refer to OP 14.01 for procedures regarding making departmental deposits with the student bursar office.

b. The department must record sales tax on a separate line of the deposit . The sales tax should be recorded to the appropriate sales tax fund.

c. The sales tax collected is remitted to the State of Texas by the accounts payable office.