
PROCUREMENT AND DISBURSEMENT SYSTEMS

SALES TAX

SUMMARY

PURCHASES MADE BY THE UNIVERSITY

The University has sales tax exemptions for purchases made in the state of Maryland and the District of Columbia (Washington, D.C.). The University's sales tax exemption is valid for purchases made by purchase order, University check, or University procurement card. Note that vendors can refuse the sales tax exemption on purchases paid with a personal check, credit card, or cash. The University will not reimburse sales tax paid by employees for University purchases.

The University is exempt from sales tax on out-of-state purchases that are shipped to either Maryland or the District of Columbia.

For purchases made for the University while traveling, contact the University's Tax Office to determine whether a sales tax exemption is available for the state or states in which an individual will be traveling and making purchases. (Information on this will be made available on the Controller's Office Web site during 2000.)

SALES BY THE UNIVERSITY

Departments or offices that sell items to the public are responsible for collecting Maryland sales tax or District of Columbia sales tax, as appropriate, and coordinating the remittance with the University's Tax Office. Sales include items sold for fund-raising purposes.

The sale of goods and services may in some instances be subject to unrelated business income tax (UBIT) if the activity is not substantially related to the University's exempt purpose. The University Tax Office can provide guidance for identifying these activities and to coordinate reporting procedures.

INTERNAL CONTROLS

OBJECTIVES
<ul style="list-style-type: none">• Utilization of sales tax exemption for purchases• Completeness of sales tax collections on sales• Completeness of sales tax remittance
RISKS
<ul style="list-style-type: none">• Non-compliance with state tax authorities• Fines and penalties• Loss of exemption status

AUDIT CHECKLIST

	For department purchases, is there a copy of the University's tax-exempt certificate on file, and are faculty and staff reminded not to pay sales tax for University purchases?
	Are all invoices and petty cash reimbursements submitted for payment exclusive of Maryland sales tax?
	Has the department contacted its business office and/or the University's Tax Office to determine if departmental sales are subject to sales tax or unrelated business income tax (UBIT)?
	Has sales tax been collected and deposited to the account designated by the Tax Office?

PROCUREMENT AND DISBURSEMENT SYSTEMS

SALES TAX

SOURCES FOR POLICY

Petty Cash Guide (http://128.220.185.18/images/Pettycash/Titlepg.htm) Tax Office (http://www.controller.jhu.edu/TAXOFFIO/Home.htm)
--

RESOURCES FOR ASSISTANCE

Accounts Payable, Office of the Controller, 410-516-6688 Tax Office, Office of the Controller, 410-516-8442
--