

Subject: Sales and Use Tax	Author: Lisa Hettinger
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Contact Name: Larry Zink	Contact Email: lwzink01@louisville.edu
Approved By: Michael J. Curtin	Page 1 of 2

Generally, the University of Louisville is not exempt from assessing and collecting Kentucky sales and use tax from our students and the general public. However, under some clearly-defined circumstances, certain items may be exempt.

KRS 139.495 requires any higher education institution engaged in making taxable sales have a sales and use tax permit, and to report and pay to the Revenue Cabinet of the Commonwealth the tax on such sales. The tax must be collected from the consumer on all sales of tangible personal property which are not otherwise exempt by statute.

For more detailed information you may refer to the "Revenue Circular 51C030, Sales and Use Tax" from the Commonwealth of Kentucky, Revenue Cabinet, or see KRS 139 (available at www.lrc.state.ky.us/KRS/TITLES.htm).

A. Taxable sales include:

- All sales made by the University book and supply store, except sales of textbooks, related workbooks and other course materials. The term "course materials" means only those items specifically required of all students for a particular course. It does not include athletic equipment or wearing apparel for personal use outside the educational function, notebooks, paper, pencils, calculators, tape recorders or similar student aids.
- Sales of cosmetics, nonprescription drugs, clothing and other wearing apparel, costume jewelry, class rings, school pictures, year books, magazine subscriptions, records, tapes and similar items.
- Sales of candy, soft drinks, snacks, and other such items sold at the University as well as in conjunction with University events.
- Sales of tangible personal property in connection with fund-raising events even though the proceeds from such sales will be used for higher educational purposes, except for the first \$1,000 as provided in KRS 139.146. This would include food furnished, prepared or served for consumption at tables, chairs or counters, or from trays, glasses, dishes or other tableware provided by the institution.
- Sales of meals to faculty, staff, other school personnel, guests and members of the general public.

- Sales of concession items including sales through vending machines.
- Sales of products made through gift shops, cafeterias, etc.
- Any other tangible personal property, including sales of personal computers or other related equipment, generally sold to the public that is not specifically exempt by statute.

B. Sales not subject to the sales and use tax are:

- Sales of admissions to athletic events, dances, concerts, plays, lecture series, films and other events. Admissions are not considered to be tangible personal property.
- Sales by University-sponsored bookstores of textbooks, workbooks and other course materials.
- Sales for which a resale, agricultural, or purchase exemption certificate is received.
- Sales to government units, interstate commerce, inter-agency, and inter-departmental sales.
- Service, installation, copier, freight and delivery charges.

C. Administration

- All sales tax collected by University of Louisville departments shall be deposited to and recorded in General Ledger (GL) account 214200.
- The University's Controller's Office is responsible for preparing the sales and use tax return and remitting sales tax by the required due dates.