Information

Sales and Use Tax

Effective

January 1, 2008

Applicability

This policy applies to all University employees (administrators, faculty, and staff).

Administrative Authority

Vice President for Finance and Chief Financial Officer

Responsible Unit

Tax Department
Controller's Office
Louisville, KY 40292
502-852-3337
taxdept@louisville.edu

History

Revision Date(s): May 16, 2016; July 1, 2018; June 10, 2019; January 29, 2020; February 11, 2025; November 12, 2025

Reviewed Date(s): May 16, 2016; July 1, 2018; June 10, 2019; February 11, 2025

Categories

Statement:

Tax on Applicable Purchases

The University of Louisville (University) is exempt from Kentucky sales and use tax on applicable purchases made by the University as long as the purchased items or services are used solely within the educational or charitable functions of the institution.

Presentation of the University's Purchase Exemption Certificate to the vendor is required to make exempt purchases. Under Kentucky law, use of the University's exempt status for the personal benefit of an employee or any other individual is punishable by fine and/or imprisonment.

Tax on Applicable Sales

The University must collect and remit sales tax as applicable under Kentucky law. The University is not exempt from collecting tax on applicable sales made by the University to customers. Note that under Kentucky law, the following sales are not taxable:

- Sales of food to students in school cafeterias or lunchrooms;
- Sales by school bookstores of textbooks, workbooks, and course materials.

All other sales of tangible property and certain services are considered taxable sales. This includes food sales to the general public, faculty, and staff. This also includes bookstore sales of items not considered course materials such as notebooks, paper, pencils, and similar student aids.

Related Information:

KRS 139.200 - Imposition of sales tax

KRS 139.495 - Application of taxes to resident nonprofit institutions

KRS 139.496 - Exemption of certain sales

Procedures:

- When a department makes a sale identified as a taxable sale, it should collect tax at a rate of 6%.
- All collected sales tax should be deposited and recorded to Ledger account 214200.
- The revenue from a taxable sale should be recorded to Revenue Category ID RC0066 (Athletics sales) or RC0082 (all other).
- The Tax Department will prepare the sales tax return and remit any sales tax to the Kentucky Department of Revenue by the appropriate due date.

Responsibilities:

Department - Identification of taxable sales; collects tax; records tax in GL as per procedure outlined above.

Tax Department - Reports and remits tax to the Kentucky Department of Revenue by the appropriate due date; consults departments on sales tax matters.