

Mansfield Independent School District
Business Procedures Manual
Section 10
Sales Tax Rules

10. Sales Tax—Sales tax is not an allowable expenditure. The following describes the requirements and processes to comply with the sales tax rules.

10.1 Purchases

- 10.1.1 All purchases made for the exclusive use of the district should be made tax exempt. A Texas Sales and Use Tax Exemption Certificate form should be issued to the vendor. Sales and use tax exemption numbers or tax exempt numbers do not exist. Exemption forms require no number to be valid.
- 10.1.2 A Texas Sales and Use Tax Exemption Certificate form can be obtained from Mansfieldisd.net or the secretary to the Controller at (832)249-4652.
- 10.1.3 When reimbursing a district employee for purchases made on behalf of and for the exclusive use of the district, sales taxes should not be reimbursed to that person. To keep a person who makes the purchases from having to absorb the sales tax, complete and give them a Texas Sales and Use Tax Exemption Certificate before they make the purchase. A purchase order is sufficient proof of the district's exempt status. The certificate/purchase order authorizes the vendor to make the sales tax exempt. The vendor should keep the certificate/purchase order on file to show state comptroller auditors if they are audited.
- 10.1.4 When sunshine funds are used to make purchases of flowers, greeting cards and items for individuals, sales tax should be paid to the vendor. Since the purchases described above should be taxable, reimbursement of sales taxes are permitted from the sunshine fund. Purchases made from the sunshine fund for the exclusive use of the district (i.e. – microwave) should be made tax exempt and sales tax should not be reimbursed.
- 10.1.5 PTO's, booster clubs, and associates are prohibited from using the district's sales tax permit number. These groups should apply for their own sales tax permit number. These groups are responsible for collecting, reporting and remitting their own sales tax to the state.
- 10.1.6 For guidelines on the schools remitting sales tax, see Section 11 of the *Student Activity Funds Handbook*.

10.2 Lodging

- 10.2.1 District employees and students traveling on official district business should issue a Hotel Tax Exemption Certificate to the hotel/motel in lieu of paying the state hotel occupancy tax (Section 6, Exhibit 6-5).
- 10.2.2 The hotel exemption exempts only the state portion of hotel occupancy taxes. The city and county taxes should be paid by the employee and will be reimbursed.

10.3 Motor Vehicle Rental

- 10.3.1 District employees traveling on official district business should issue a Motor Vehicle Certificate for Rental Tax to the rental agency in lieu of paying sales tax (Section 6, Exhibit 6-6).
- 10.3.2 Mark “*A Public Agency*” as the reason for claiming an exemption.

10.4 Out-of-State Purchases

- 10.4.1 Whether items are purchased in-state or out-of-state, does not determine if a transaction is taxable or not taxable. An out-of-state vendor might be required to collect sales tax at the time of sale. It is recommended to make all purchases tax exempt where practicable. This helps prevent duplicate payment of sales taxes. However, if an out-of-state vendor insists on being paid sales tax at the time of purchase, it should be done.