

White Settlement ISD

**School Fundraisers &
Texas Sales Tax**



School Fundraisers and Texas Sales Tax

- State Comptroller's Bulletin, July 2009
 - Organizations must obtain a sales tax permit and collect and remit sales tax on taxable items that it sells unless one of the exemptions apply.
 - An organization does not have to register for a sales tax permit if all its sales are of exempt items or if its sales take place through tax-free fundraisers.
 - Toll Free Number for Texas Comptroller Sales Tax Division is 1-800-252-5555

Sales Tax Issues

- Purchases
- Certificates
- Sales vs. Not a Sale
- Non-Taxable vs. Taxable
- Tax-Free Days

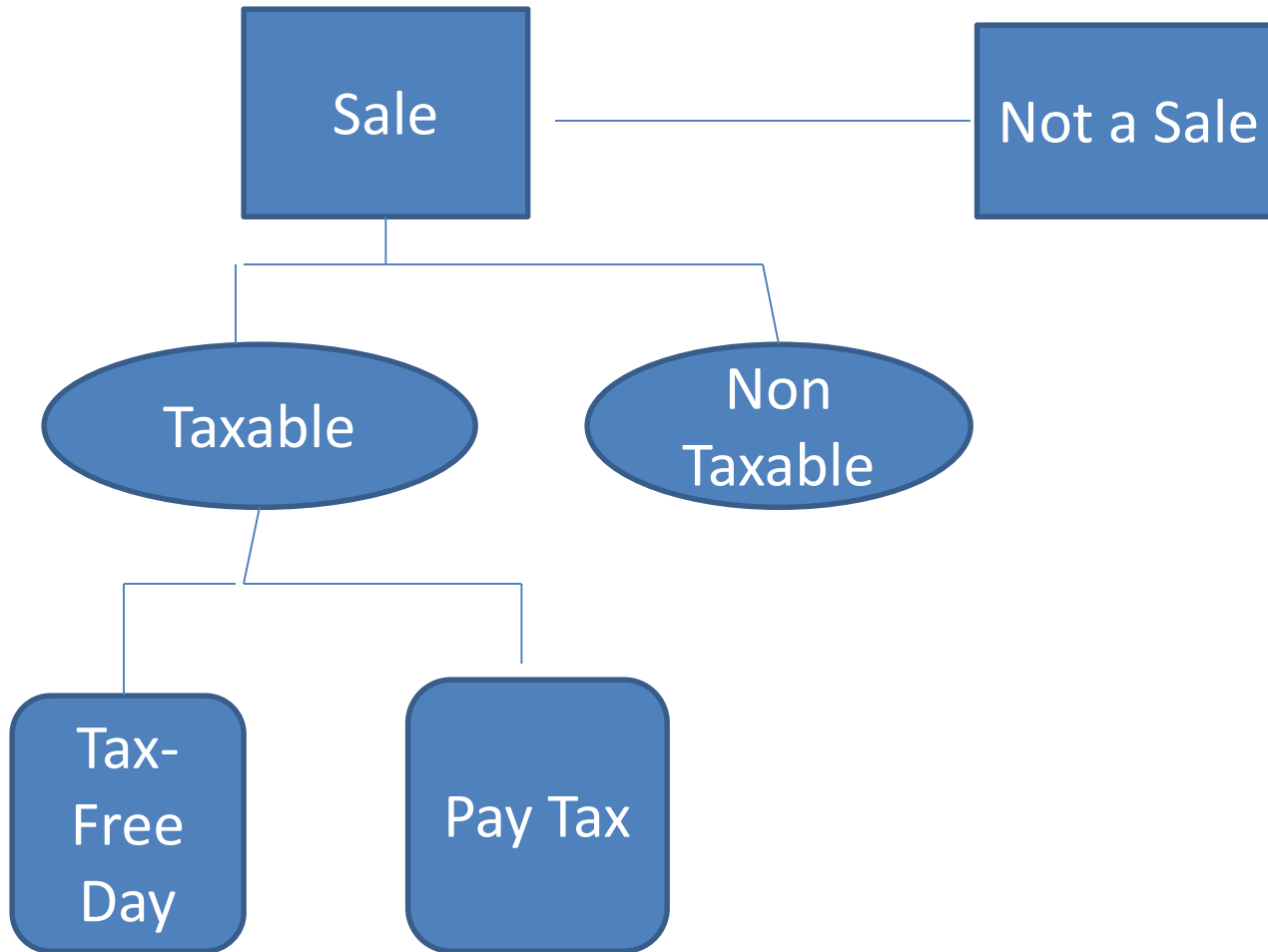
Purchases Made

- School purchases (Exempt from taxes)
 - For school or groups of the school
- Individual purchases (Non-Exempt)
 - For an individual, such as an employee
 - For a student's personal use & ownership
 - Uniforms, instruments, supplies
 - Purchases by parents or others
- Taxes paid by individuals should not be reimbursed with district/campus funds

Certificates

- Texas Sales and Use Tax Exemption Certification
 - Should be used to purchase school items
 - It is a criminal offense to use for personal purchases
 - Certification does not require a tax exempt number for a public school (refer to bottom of form)
- Sales Tax and Use Tax Resale Certificate
 - Should be used to purchase items on a non-tax basis for the purpose of resale only
- Texas Hotel Occupancy Tax Exemption
 - Should be used to when staying in a hotel on school business. The state sales tax is exempt; however, other taxes such as city and county will still apply

Decision Tree



Sales vs. Non-Sales

- Sale is defined as “transfer of title or possession” or “performance of taxable service”
- Sales typically include:
 - Admissions, tickets, etc.
 - Food or non-food items
 - Merchandise
 - Yearbooks or other publications

Sale vs. Non-Sales

- Vending, re-sales, school pictures, library book sales are not “sales” of the school
 - The school is acting as a sales representative for the vendor
 - Taxes must be collected, but are reported by the vendor as sales and they pay the tax to the State Comptroller’s office

Sales vs Non-Sales

Dollar Day Fund Raisers are not considered a sale and therefore not taxable.

Examples:

- Staff or students pay a dollar to wear Jeans
- Staff or students pay a dollar to wear a crazy hat or pj's.

Taxable Sales vs Non-Taxable Sales

- Taxable Sales
 - Schools must collect & remit taxes for all taxable items that do not have a specific exemption
 - Examples: supplies, publications, school store
- Non-Taxable Sales
 - Report as sales on Tax Report but pay no tax
 - Admissions, services, food items, parking permits etc.

Taxable vs. Non-Taxable

Taxable

- Merchandise such as flowers, books, locks, school supplies, etc.
- School rings
- Spirit items
- Uniforms
- School publications and yearbooks
- Rentals

Non-Taxable

- Ad sales in publications or yearbooks
- Admission fees
- Discounts/Entertainment cards
- Qualified food items
- Labor for repairs
- Parking permits
- Services such as car washes

See White Settlement ISD website under business services for additional examples of taxable vs nontaxable.

Tax-Free Days

- Who qualifies?
 - Each school district, each school, and each bona fide chapter (club/organization) of each school (Student Activity Accounts- 865 accounts, not Campus Activity- 461)
 - Clubs/organizations should be organized (as evidenced by Constitution/By-laws & officers)
- How often?
- Two, one-day tax-free sales each calendar year
- One-day defined
 - 24 consecutive hours – delivery should be made on the same day
 - Pre-sales & pre-paid sales count as 1 day on day of delivery (example: yearbooks)

Bona Fide

- A bona fide chapter is a group that is organized for some business or activity other than instruction or a participatory group.
- Any student group that is recognized by the school and is organized by electing officers (not just participatory captains), holding meetings, and conducting business are bona fide chapters.
- Groups meeting for classroom instruction or team sports are not bona fide chapters and do not qualify for the tax-free day sales.

Tax-Free Day

- ❖ The school district qualified for a tax-free day.
- ❖ The school-wide fundraiser qualifies for a tax-free day.
- ❖ The basketball Club qualifies, but the basketball team does not.
- ❖ The Cheerleader Club qualifies, but not the cheerleader team.
- ❖ The Debate Club qualifies, but debate teams and classes do not.
- ❖ The French Club qualifies, but the French classes do not.
- ❖ The Senior Class qualifies, but not one particular class that has seniors in it.

Internet Sales

- Sale of taxable items over the internet are treated the same as taxable sales at school or other location.
 - Exemption: One-day tax free sale

Food & Beverage Sales

- Be mindful of Texas Department of Ag rules
- Concession stands – Exempt if net proceeds go to the organization (club)
- If food is sold as a fundraiser at any time, it is tax exempt.
- Non-taxable Sales
 - Food items such as cookie dough, pizza kits, cheese spreads, meat sticks, jelly, salsa, fresh fruit and mixed packages to prepare at home
 - Bakery items – if sold without plates & utensils

Sales Tax Reporting

- Indicate taxable sales on all deposit summary reports
- Generate a monthly sales tax report
 - Include total sales, total taxable sales and total taxes
- Transfer the sales taxes to the district's business office for payment to the State Comptroller.

Sales Tax Reports

- ALL sales are included

TOTAL SALES

LESS NON-TAXABLE SALES

LESS TAX-FREE DAY SALES =

NET TAXABLE SALES

X tax rate =

GROSS TAX DUE

- Discount of ½% if paid on or before the 20th
- If taxes are paid late: Penalty of 5% to 10% + Interest

Filing Sales Tax Reports

- Due Date:
- Returns must be completed by 11:59 p.m. CT on or before the 20th day of the month following the end of each report period. If the due date falls on a Saturday, Sunday, or legal holiday, the next business day will be the due date.
- White Settlement ISD will file monthly for 2015.

References

- http://www.window.state.tx.us/taxinfo/taxpubs/tx94_183.pdf
- <http://www.window.state.tx.us/taxinfo/sales/FundraisingWebinar1210.pdf>
- FASRG – SBDM 5.5.5