

FINANCIAL MANAGEMENT

Accounts Payable

Sales and Use Tax

This regulation supersedes Regulation 5320.3.

I. PURPOSE

To explain the proper application of sales and use tax to tangible personal property purchased for use or resale by Fairfax County Public Schools (FCPS).

II. GENERAL

Title 58.1, Chapter 6, of the Code of Virginia empowers the commonwealth of Virginia to impose a retail sales tax. However, some organizations and specific purchases are exempted from Virginia sales and use tax by Section 58.1-609.4. A Sales and Use Tax Certificate of Exemption, form ST-12 (attached), must be on file with the vendor in order to receive exemption from sales and use tax.

III. PURCHASES NOT SUBJECT TO VIRGINIA SALES AND USE TAX

A certificate of exemption shall be used for all purchases made in Virginia.

A. Purchases by Political Subdivisions of the Commonwealth of Virginia

1. Purchases of tangible personal property for use or consumption by FCPS are exempt from sales and use tax if the purchases are pursuant to county purchase orders.
2. Purchases from FCPS petty cash funds and advanced appropriated funds are made pursuant to delegated authority and are considered to have been made under a county purchase order and shall, therefore, be exempted from sales and use tax.

B. Purchases From Nonpublic Funds

1. Purchases of tangible personal property from school activity funds for use, consumption, or sale at retail by a school are exempt from sales and use tax.
2. Purchases of tangible personal property by groups associated with a school (such as PTA and Booster Clubs) for use in fund-raising activities, the net proceeds (gross receipts less direct expenses) of which are contributed directly to the school or used to purchase certified school equipment that is contributed directly to the school, are exempt from sales and use tax. Each of these groups is required to use its own certificate of exemption.

IV. PURCHASES SUBJECT TO VIRGINIA SALES AND USE TAX

- A. Charges for meals or food from restaurants, hotels, clubs, caterers, cafes, and others are taxable.
- B. Charges for rooms, lodging, or accommodations furnished by any hotel, motel, inn, tourist camp, tourist cabin, camp grounds, club, or similar place are taxable.
- C. Purchases of tangible personal property from faculty or educational contingency accounts for the use of the faculty or for sale through vending machines are taxable.

V. PURCHASES SUBJECT TO SALES TAX OF OTHER STATES AND THE DISTRICT OF COLUMBIA

Purchases of tangible personal property in other states and the District of Columbia are subject to the sales tax of the jurisdiction.

VI. SALES NOT SUBJECT TO VIRGINIA SALES AND USE TAX

- A. The sale of class rings, school photographs, and other fund-raising programs from which a school receives a commission or the net proceeds is not taxable.
- B. School lunches sold and served to pupils and employees are not taxable.
- C. The sale of textbooks to students, including students in the adult education program, is not taxable.
- D. The sale of tangible personal property by schools is not taxable.

VII. SALES SUBJECT TO VIRGINIA SALES AND USE TAX

Sales by the Office of Food Services for special functions are taxable. Sales tax must be collected and remitted to the commonwealth of Virginia in accordance with current regulations.

VIII. REIMBURSEMENT TO EMPLOYEES

- A. Employees shall not be reimbursed sales tax from school activity funds, petty cash funds, and advanced appropriated funds for purchases made with personal funds unless written approval is obtained from the assistant superintendent, Department of Financial Services.
- B. Employees shall be reimbursed sales tax paid in conjunction with approved conference travel, or other purchases subject to the payment of sales tax; for example, purchases made in another state or the District of Columbia.

Legal Reference: Code of Virginia, Chapter 6, Section 58.1-609.4

Attachment

COMMONWEALTH OF VIRGINIA SALES AND USE TAX CERTIFICATE OF EXEMPTION

(For use by the Commonwealth of Virginia, a political subdivision
of the Commonwealth of Virginia, or the United States)

To: _____ Date: _____
(Name of Dealer)

(Number and street or rural route) (City, town, or post office) (State) (Zip Code)

The Virginia Retail Sales and Use Tax Act provides that the Virginia sales and use tax shall not apply to tangible personal property for use or consumption by this State, any political subdivision of this State, or the United States. (This exemption does not apply to sales or leases to privately owned financial and other privately owned corporations chartered by the United States.)

The undersigned, for and on behalf of the governmental agency named below, hereby certifies that all tangible personal property purchased or leased from the above dealer on and after this date will be for use or consumption by a governmental agency, that each such purchase or lease will be supported by the required official purchase order, and that such tangible personal property will be paid for out of public funds: (Check proper box below.)

- 1. Tangible personal property for use or consumption by the Commonwealth of Virginia.
- 2. Tangible personal property for use or consumption by a political subdivision of the Commonwealth of Virginia.
- 3. Tangible personal property for use or consumption by the United States.

(Name of governmental agency)

(Number and street or rural route) (City, town, or post office) (State) (Zip Code)

I certify I am authorized to sign this Certificate of Exemption and that, to the best of my knowledge and belief, it is true and correct, made in good faith, pursuant to the Virginia Retail Sales and Use Tax Act.

By: _____
(Signature) (Title)

Information for dealer: — A dealer is required to have on file only one Certificate of Exemption properly executed by the governmental agency buying or leasing tax exempt tangible personal property under this Certificate.