

Sales and Use Tax

A. General

Generally the University of Kentucky is not exempt from assessing and collecting Kentucky sales and use tax (commonly referred to as sales tax). However, certain items sold to certain groups may be exempt.

KRS139.495 requires any higher education institution engaged in making taxable sales to hold a sales and use tax permit, and to report and pay to the Revenue Cabinet the use tax on such sales. The use tax must be collected from the consumer on all sales of tangible personal property which are not otherwise exempt by statute.

For detailed information request "Revenue Circular 51C030, Sales and Use Tax" from the Commonwealth of Kentucky, Revenue Cabinet.

1. Examples of taxable sales made by University of Kentucky operating units are:
 - a. All sales made by a 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 but does not include athletic equipment or wearing apparel purchased by students, teachers or coaches for personal use outside the educational function, notebooks, paper, pencils, calculators, tape recorders or similar student aids. Certain necessary course materials and supplies not previously classified as essential or specifically excluded by law such as tape recorders, calculators or similar student aids will be classified as essential if the instructor of the course certifies to the bookstore by letter that the material is required of all students in the class for that particular term. Certification by the instructor is only for one term and must be resubmitted for use in a subsequent term.
 - b. 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.
 - c. Sales of candy, soft drinks, popcorn, and other such items sold at schools as well as in conjunction with school events.
 - d. 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.

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- e. Sales of lunches to faculty, staff, other school personnel, guests and members of the general public.
 - f. Sales of concessions including sales through vending machines.
 - g. Sales made through gift shops, cafeterias, etc.
 - h. Any other tangible personal property, including sales of personal computers, generally sold to the public that is not specifically exempt by statute.
2. Examples of sales not subject to the sales and use tax are:
- a. Sales of admissions to athletic events, dances, concerts, plays, lecture series, films and other events. Admissions are not considered to be tangible personal property.
 - b. Sales by school bookstores of textbooks, workbooks and other course materials.
 - c. Sales of food to students in school cafeterias or lunchrooms.
 - d. Sales for which a resale, agricultural, or purchase exemption certificate is received.
 - e. Sales to government units, interstate commerce, inter-agency, and inter-departmental sales.
 - f. Service, installation, copier, freight and delivery charges.
3. All sales tax collected should be deposited by cash transmittal to Treasury Services, 356 Peterson Service Building, 0005. Revenue GL account 449070 must be used with the appropriate cost center to record the deposit.
- B. Preparation of a monthly report of sales tax information.
- 1. All University units engaging in sales that require the collection of sales tax must complete a monthly report of sales tax information . This report is due the 15th of each month, and should be forwarded to the General Accounting Department, 371 Peterson Service Building, 0005.
 - 2. Kentucky Administration Regulation 25:131 requires units collecting sales tax to estimate monthly collections and prepay one half of the estimate in advance. The General Accounting Department will make these estimates and make the advance payment based on the monthly report of sales tax information.

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Note: Forms to report sales tax information may be obtained from the General Accounting Department.