

The Ledger

A Newsletter of the University Controller's Organization

Website: <http://www.controller.vt.edu>

Vol. E, No. 121

June 13, 2016

Virginia Sales Tax Change

The Virginia Department of Taxation has issued Tax Bulletin 16-3 effective 4/22/16 which changes sales tax requirements regarding meals and catering purchased by governmental entities and nonprofit organizations.

Governmental entities and nonprofit organizations can now make exempt purchases of food and meals, as well as certain "taxable services" provided in connection with the provision of meals.

The organizations must demonstrate the following to qualify for the sales tax exemption:

1. The provision of the prepared meals, catering or services furthers a function, mission, service or purpose of the entity; and
2. The charge for the food, meals, or catering is billed to and paid for by the entity claiming exemption from the tax with payment drawn from the entity's account, rather than using cash or an individual's account; and
3. The entity claiming the exemption determines to whom, when and how the meals or food are served and consumed.

This means that catering services or meals purchased from The Inn or Personal Touch Catering are no longer subject to sales tax if ordered through the HokieMart internal service process. Any room rentals would continue to be subject to sales tax.

Additionally, any food, meals, or catering purchased from external vendors and paid for directly by the university would be exempt from sales tax (including the departmental small purchase card). If the university employee purchases a business meal from a vendor and pays for it using personal funds, personal credit card, or the university issued travel card, these purchases are subject to sales tax and the university employee would be reimbursed for the sales tax. The external vendor exempts the food sales tax by using the university's Government Exemption Certificate, Form ST-12 which can be found on the Procurement Department website at the following link:

http://www.procurement.vt.edu/Department/Forms/st12_09011_new.pdf.

These changes are effective immediately. The Inn anticipates having their systems changed to implement the changes by July 1, 2016.

Please contact Wendell Vest, Associate Controller (vest@vt.edu) or Brandon Webb, Accounts Payable Supervisor (bwebb13@vt.edu) with any questions regarding this change.