

Procedure 90100: Departmental Sales Tax

A. Overview

In general, all sales, leases, and rentals of tangible personal property in or for use in Virginia are subject to Virginia sales and use tax, unless an exemption or exception is established.

Departments must notify the Controller's Office (salestax@vt.edu) **in advance** of engaging in these types of activities. Departments also must have a system in place to apply, collect, and deposit the sales tax into the appropriate banner account codes. If departments engage in sales type activities with other university departments (ISR), collection of state tax is not required because the university is tax-exempt.

Additionally, departments must notify the Controller's Office in the event goods are shipped outside of the Commonwealth of Virginia, as this could create a sales tax liability to other localities. If sales activity in other states meet established thresholds (transactions or dollars) for all university activities combined, Virginia Tech is required to collect and remit sales tax to those localities.

B. Procedures

1. Contact the Controller's Office Accounts Payable department (salestax@vt.edu) **in advance** of any new activities where sales tax may apply.
2. Departments will be required to work with the Controller's Office & Office of University Bursar to implement a system to appropriately handle sales tax. This system must be able to record transaction counts, sales amount, and sales tax collected, along with the shipping locations of the goods.
 - a. Banner account code will be assigned for sales tax deposits related to the Virginia tax.
 - b. If goods are shipped outside of the Commonwealth of Virginia, the Controller's Office will require additional transactions and sales reporting at the end of each quarter.
 - c. Departments failing to notify the Controller's Office, in advance of new sales or changes in delivery method, are responsible for any associated tax, penalties, and interest.
3. The Controller's Office will compile university-wide data to determine if sales tax should be collected for the goods shipped outside of the Commonwealth of Virginia. The Controller's Office will notify the department if sales tax collections for other state tax becomes necessary and will provide additional information.

All questions related to sales tax and quarterly reports can be directed to the Controller's Office at salestax@vt.edu. For university policies related to sales tax, proceed to *University Related Business Activities – No.3005*, *Funds Handling and Deposit of State and Local Funds -No.3006*, or *Sales, Solicitation and Advertising on Campus – No.5215*

Code of Virginia References

Va. Code § 58.1-612

Va. Code § 58.1-603