

Section 06.05.06

SALES TAX COLLECTIONS

Texas A&M University-Corpus Christi is exempt from paying State of Texas sales tax on purchases. However, it is not exempt from collecting tax on sales made by the University.

When a university department sells a taxable item, it is responsible for collecting the sales tax, unless proof of tax exemption is obtained. Sales tax exemption certificates (see Accounting Handbook Sales Tax Exemptions) should be kept on file by the selling department following the University record retention schedule. The tax rates vary from county to county and sellers should use the appropriate tax rate for their location. The current tax rate for Nueces County is 8.25%.

The department must collect the tax and deposit it at the business office using their general ledger account (0xxxxx) with account control 2110. Accounting Services remits the sales tax collected by the entire university to the State Comptroller's Office each month, however each selling department must provide Accounting Services with information on their sales tax collections. Email accounting.services@tamucc.edu to obtain the most updated sales tax template.

Below is a list of common taxable and nontaxable items sold by university departments.

Taxable

- A tax must be collected on all cash sales involving tangible, personal property. The State Comptroller defines this as personal property that can be seen, weighed, measured, felt or touched, or that is perceptible to the senses. See [Texas Tax Code Section 151.009](#).
 - Clothing
 - Computer programs
 - Meals
 - Books
 - Equipment Rental

- A tax must be collected on all taxable services. Please see [Texas Administrative Code Title 34, Part 1, Chapter 3, Subchapter O, Rule §3.298](#), [Texas Administrative Code Title 34, Part 1, Chapter 3, Subchapter O, Rule §3.310](#) and [Texas Administrative Code Title 34, Part 1, Chapter 3, Subchapter O, Rule §3.3147](#) as well as [Tax Publication 96-259](#) for more information.

- Amusement Services
- Data Processing
- Information Services
- Internet Access
- Motor vehicle parking and storage
- Laundry Services
- Telecommunication Services
- Utility Services

Nontaxable

- No tax is required for many items.
 - Room rental
 - Conference Registration
 - Booth Rental
 - Dues
 - Fines & Penalties
 - Subscriptions of six months or longer which are mailed second class.

Calculating Sales Tax

The tax must be collected on the amount of the sale that is taxable. Taxable sales should be separated from nontaxable sales to perform this calculation. The total amount of taxable sales times the sales tax rate equals the sales tax amount.

$$\text{Total Amount} \times 0.0825 = \text{Sales Tax Amount}$$

Example:

$$\$150.00 \times .0825 = \$12.38$$

You may also set the sales price to include the sales tax amount. This must be clearly stated on any documents used to promote the sale.

$$\text{Sales Price (including tax)} / (1 + .0825) = \text{Sales Price (without tax)}$$

$$\text{Sales Price (including tax)} - \text{Sales Price (without tax)} = \text{Sales Tax Amount}$$

Example:

$$\$12.00 / 1.0825 = \$11.09$$

$$\$12.00 - \$11.09 = \$.91$$

To check this calculation, multiply the sales price times the tax rate: $\$11.09 \times .0825 = \$.91$

If the tax on a sale is less than half a cent, no tax is collected. If the sales tax equals half a cent or more, the full one cent is collected. Sales tax on a \$.05 sale is not due because it is less than half a cent.

For more information on sales taxes, visit the Texas A&M University System Tax Manual at <http://www.tamus.edu/business/budgets-and-accounting/tax-services/tax-manual/>