

July 15, 2000

**To:** See distribution list, attached

**From:** Richard Klee  
Tax Director

**Subject:** **State-by-State Sales Tax Exemption Status Update**

---

Enclosed is an updated listing of the University's tax exempt status by state. As there have been changes since the last update in August 1997, please replace the old schedule in your files.

As you may be aware, the University is exempt from Indiana state sales tax. The purpose of this document is to inform University departments that make purchases and/or travel out of state of additional opportunities to avoid sales tax.

*Please note that all organizations considered part of the University of Notre Dame are eligible for the sales tax exemptions noted in this report. Additional details, and copies of necessary forms, can be obtained from our office.*

For your guidance, the following provides general information regarding sales tax and how to take advantage of available exemptions.

#### **GENERAL SALES TAX INFORMATION**

Currently, 43 states assess sales tax on purchases such as tangible property, services and rentals. Because it is a sales tax, the provisions for what is subject to sales tax, the applicable tax rate, and any available exemptions will vary by state.

Where provided, exemptions from state sales tax are typically granted to educational or other nonprofit organizations that are exempt from federal income tax. Notre Dame is a nonprofit educational institution qualified under Section 501(c)(3) of the Internal Revenue Code, which is why we often qualify for state sales tax exemption. Again, exemptions are not available from each state. For example, one state may grant sales tax exemption on all purchases, while another state may exempt all purchases except meals and lodging. Some states permit no exemption.

## NOTRE DAME EXEMPT STATUS

The attached schedule indicates the University's status in each state as one of the following:

<i>Exempt</i>	No sales tax should be assessed on purchases — made for the benefit of the University — subject to the exemption. Note that some states limit their exemption (e.g., meals and lodging may not be exempt). Such exceptions are listed on the schedule.
<i>Nonexempt</i>	All University purchases are subject to applicable sales tax.
<i>No state sales tax</i>	Seven states do not have a sales tax. However, some states (e.g., New Mexico) may have a gross receipts tax levied on sellers that is customarily passed on to consumers. A merchant may be able to avoid this tax on sales to tax exempt organizations if they pass on the savings to the purchaser. Therefore, the University may be able to take advantage of a tax exemption in these states also. Refer to <i>Comments</i> section of the schedule for further information.

## OBTAINING EXEMPTION FROM SALES TAX

### *Purchases*

This schedule should be referenced prior to the purchase of any tangible property, services or rentals to determine if the University qualifies for an exemption from applicable sales tax. If so, ask the supplier what form is required for their records to support the exemption. We will be happy to assist you in obtaining and completing the necessary documentation.

### *Meals and Lodging*

Prior to leaving on a University-sponsored trip, this list should be used to determine if Notre Dame is exempt from sales tax related to meals and lodging in a specific state (meals and lodging are the most common purchases excluded from exemptions). *Note that air travel is never exempt.* If available, we can assist you in obtaining and completing the necessary documentation.

### *Direct Payment*

Virtually all states require that any tax-exempt payment be made **directly** by the exempt organization. This means that the University should be directly billed or that a University check must be requested prior to the transaction and presented for payment to the merchant. States will generally not exempt purchases made by individuals on behalf of an exempt organization, even though the transaction will be reimbursed — and ultimately incurred — by the organization.

Thus, to utilize a sales tax exemption for an individual trip may not be practical, since the Notre

Dame *American Express Corporate Card* will likely not be considered direct payment.

However, in cases of several persons traveling together or group functions, it may be beneficial to utilize the exemption.

*Please share this information with your staff!* Our department can help with any exemption certificates and can obtain additional information on file. They are happy to assist you with all issues related to sales tax. Please call with any questions. This information can also be found on our website, <http://www.nd.edu/~control/taxpolicy.html>. This page will be updated frequently to ensure correct information.

enclosure

## **Distribution List**

Mr. James Lyphout  
Mr. Scott Malpass

Dean Francis Castellino  
Dean Eileen Kolman  
Dean Patricia O'Hara  
Dean Frank Incropera  
Dean Mark Roche  
Dr. Thomas Sweeney  
Dean Carolyn Woo

Mr. Robert Alexander  
Ms. Karen Anthony  
Ms. Tracy Biggs  
Ms. Dorine Blake-Smith  
Mr. Joe Cassidy  
Ms. Joan Crovello  
Mr. Bubba Cunningham  
Mr. Mark Esenwein  
Ms. Marie Gerencher  
Mr. Michael Hamilton  
Ms. Anne Hayner  
Ms. Ann Hazinski  
Mr. James Herter  
Mr. Roosevelt Johnson  
Mr. James Kieft  
Mr. Albert LeMay  
Mr. Charles Lennon

Mr. William McKinney  
Mr. Roger Mullins  
Mr. Thomas Nevala  
Mr. Richard Nugent  
Mr. Warren Outlaw  
Mr. Drew Paluf  
Mr. Daniel Reagan  
Mr. Daniel Saracino  
Mr. Gary Shumaker  
Mr. Michael Smith  
Mr. Luther Snavely  
Ms. Pamela Spence  
Ms. Kathleen Sullivan  
Mr. Edward Trubac  
Mr. Robert Watkins  
Ms. Rita Winsor  
Mr. Lorry Zeugner

Mr. Patrick Walsh, Anthony Travel