

210. In-State Purchases

Tax Exemption Status

The State of Texas charges sales tax on all purchases made by individuals or entities within the state. A non-profit organization having tax-exempt status under the IRS designation of 501(c)(3) or (4) will be given sales tax exemption by the State of Texas. Baylor University has been designated as a 501(c)(3) federal tax-exempt tax organization by the Internal Revenue Service and has received Texas sales tax exemption from the Texas Comptroller.

Exempt Purchases for University Use

Due to its sales tax exemption status, Baylor University is not required to pay sales and use tax when it buys, leases, or rents taxable items that are necessary to Baylor's exempt functions. An authorized agent or employee of Baylor University can purchase items tax-free for Baylor University, if he/she gives the vendor a completed sales tax exemption certificate. If an item is purchased tax-free for Baylor University, the item cannot be used for the benefit of a private party or individual afterward. The University allows individual departments to complete the Texas Sales Tax Exemption Certificate, with the understanding that whomever signs the document will be responsible for documentation if the University is questioned under a Texas State audit.

The Texas Sales Tax Exempt Certificate form and details on how to complete and use a sales tax exemption certificate are available in section 210.1.

Non-Exempt Purchases

A few special rules exist:

- If an individual is purchasing an item to donate to the University, he/she can give an exemption certificate to the vendor; however, the individual cannot use the item before donating it.
- An employee of the University cannot claim a tax exemption if he/she is buying items of a personal nature, even if the University will later reimburse that individual for those items. Such items include meals, toiletries, and clothing.
- If an employee travels for the University on business, the employee must pay sales tax on all taxable sales even if the University will later reimburse him/her.
- Baylor University's sales tax exemption does not apply to the purchase, rental or use of motor vehicles.

The Business Services Office has primary responsibility for determination of sales tax exemptions on purchases and should be consulted, as necessary, with any questions.