

### ***210.3 Purchases for Resale***

If a Baylor department makes a purchase of items or services that it plans to resell, and the subsequent sale of the items or services will generate sales tax, the department should provide the vendor with a Texas Resale Certificate. This will allow the department to purchase the items tax-free; however, sales tax *must* then be collected upon the sale to the final customer. A resale certificate should be used when a department is purchasing: (1) tangible personal property (i.e. t-shirts, cups, pens) and/or taxable services it intends to resell in the same form or condition in which it was acquired, (i.e. event t-shirts) (2) a taxable service performed on tangible personal property held for resell, (3) tangible personal property bought to use in a taxable service, where the care, custody and control of the property is transferred during the service, (i.e. bike chain purchased for use during bike repair).

If a purchase order contains both items that will be used by Baylor and items that will be resold, both an exemption certificate and a resale certificate should be provided to the vendor, and the amount of each category should be noted. For example, if a department purchases shirts that will be given to department members at no cost to wear in representing the department, but also purchases extra shirts that will be sold, the department should provide the vendor with both an exemption certificate and a resale certificate.

A department should not use a resale certificate if there is any question as to whether the property will be resold.