

300. Sales Tax Collection

Generally, sales tax must be collected and remitted to the State of Texas for any in state sales transactions conducted by the University or by an authorized agent or employee of the university. However, some types of sales transactions are exempt from sales tax collection.

Exempt Sales

Certain tax-free sales are permitted by the State of Texas. Baylor University, because of its status as a higher education institution organized in the State of Texas, does not have to collect sales tax when the University is the provider of amusement services, such as athletic events, concerts, fine arts performances, speakers, etc. All tickets to such events are tax-free. Refer to Texas Administrative Code, Rule §3.298 for a full description of qualifying amusement services.

Some events that are classified as amusement services may also include a taxable component. For example, if a department sells tickets to a luncheon or other meal at which there is an educational speaker, where the cost of the ticket covers the food provided, the event registration is a taxable sale.

Taxable Sales

Except as noted above, most other sales of goods or services in the state are subject to collection of Texas sales tax. Taxes should be collected at the time of sale and remitted to the State of Texas.

If the sales price of an item includes sales tax, the individuals purchasing items at such sales must be notified, either by a sign stating or by a receipt showing that sales tax is included in the price. If a sign is used, the sign should be kept afterwards for documentation purposes. If such notification is not provided, sales tax should be calculated on top of the stated sales price and collected from the purchaser.

Tax Rates

The state sales tax rate is 6.25 percent. Local taxing authorities (i.e., cities, counties, transit authorities and special purpose districts) may also impose a sales or use tax of up to 2.00 percent. Thus the maximum sales and use tax that may be charged is 8.25 percent. For a list of local rates and total tax rates, see [State Comptroller's Tax Rates](https://comptroller.texas.gov/taxes/publications/96-122.php).

<https://comptroller.texas.gov/taxes/publications/96-122.php>

Accounting Operations has primary responsibility for determination of sales tax collection and should be consulted on any questionable or unclear types of sales.