Sales Tax Fundamentals

A purchase made by a public, nonprofit educational institution like WSU is exempt from sales tax as long as the purchase is used primarily for nonsectarian educational programs and activities. However, there are no statutes that allow these institutions to make a sale without collecting and remitting sales tax, unless the purchaser provides a valid tax exemption certificate or unless the product or service sold is expressly exempted from tax by statute.

Proceeds from activities we view as fundraising or cost-recovery, the Kansas Department of Revenue views as sales. Whether the proceeds are for a worthy cause or there is no mark up for profit is irrelevant. For example, copy charges collected from faculty, staff, students, recognized student organizations or the public are subject to sales tax. The same charges collected from departments within the university are not subject to sales tax because purchases made by WSU are generally not taxable.

The following are examples of sales subject to tax:

- Admissions (sports, plays, concerts, movies)
- Newspapers, magazines and books*
- Clothing, t-shirts, uniforms and sporting goods
- Health supplies
- Pencils, paper and school supplies
- Art, science and laboratory supplies
- Food and beverages, concessions, bake sales
- Printing and duplicating charges
- Lock rentals (separate from locker rentals)
- Rental of personal property (equipment, towels, musical instruments)

* Section 17.01 of the WSU Policies and Procedures Manual requires textbook requisitions be processed through the University Bookstore.

Examples of sales exempt from tax include:

- Fees for educational programs
- Advertising in newspapers
- Dues for clubs or organizations
- Book rentals
- Locker rentals
- Building, room or facility rentals
- Reimbursement for lost or destroyed books or equipment

Effective July 1, 2015, the sales tax rate in Sedgwick County increased from 7.15% to 7.5%.

The following provides guidance relative to the various entities associated with WSU that should and should not be assessed sales tax on their purchases.

Entities Subject to Sales Tax

- Wichita State University Union Corporation (Rhatigan Student Center)
- WSU Alumni Association
- Recognized student organizations

Entities Exempt from Sales Tax

- Wichita State University (including its departments, colleges and Student Government Association)
- WSU Foundation
- WSU Board of Trustees
- WSU Intercollegiate Athletic Association

Reporting and Remitting Sales Tax

Departments should maintain records that document taxable sales. When making a deposit to your department's account, the proceeds should be divided between the applicable revenue account codes and account code R80121, State Sales Tax. For example:

<table>
<thead>
<tr>
<th>Account Code</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>R80099</td>
<td>Duplicating &amp; Copy Charges</td>
<td>$ 930.23</td>
</tr>
<tr>
<td>R80121</td>
<td>State Sales Tax</td>
<td>69.77</td>
</tr>
<tr>
<td></td>
<td>Total deposit</td>
<td>$ 1,000.00</td>
</tr>
</tbody>
</table>

In this example, the $69.77 is 7.5% of the $930.23 sale. To calculate the portion of the proceeds that is sales tax, use the following formula:

\[
\text{Total deposit} \times 0.069767 = \text{sales tax at 7.5\% rate}
\]

Using the numbers from above:

\[
\begin{align*}
\text{Total deposit} & = \$ 1,000.00 \\
\times \text{adjustment factor} & = 0.069767 \\
\text{Sales tax} & = \$ 69.77
\end{align*}
\]

The total sales tax collected each month is reported and remitted to the state by the Office of Financial Operations.