

LUTHER COLLEGE

POLICIES AND PROCEDURES

Department: Financial Services
Subject: Sales Tax Exemption
Date Issued: November 14, 2005
Date Revised: March 1, 2009; October 29, 2014; March 18, 2019
Approved By:

I. Policy

When making purchases for the College, employees are to avoid paying sales tax in all circumstances for which the College has an exemption from sales tax.

If an employee makes a purchase for college business with personal funds, then requests reimbursement, the College will not reimburse for any sales tax that could have been avoided had the employee used a purchase order, purchase permit or college commercial card to make the purchase.

All purchases paid for with college funds must be for college purposes only. Individuals are not to take advantage of the College's tax exempt status by purchasing items for personal use under the College's name and then reimbursing the College.

II. Scope

This policy applies to all faculty, staff and students at Luther College.

III. Terms and Definitions

- Sales tax exemption – sales taxes are imposed by state governments, not the federal government. Sales taxes vary from state-to-state with regard to which goods and services are taxed, who is exempt from paying sales tax, and how proof of exemption from sales tax is to be provided to the merchant when making a purchase.
- Budget center directors – the appointed department head or department manager who is responsible for the department's allocated budget.

IV. Procedures and Guidelines

A. General

- Plan ahead when making travel plans. Check below (Item IV, B. State by State) to see if Luther has an exemption in the state where you will be traveling. Contact restaurants and hotels ahead of time to find out what they require as proof of our exempt status. Take the necessary paperwork with you so you will be able avoid paying the sales tax.
- When budget center directors review and approve travel expense reports and monthly credit card reports, they must check to see if sales taxes are being unnecessarily paid.
- Each state has a certificate of tax exempt status that needs to accompany a request for sales tax exemption when a purchase is being made. Some merchants may require the Iowa certificate as well as the certificate for their own state. Companies may also need our federal taxpayer identification number (TIN), which is included on the certificate. A request for a certificate of tax exempt status should be sent to the administrative assistant in the Office for Financial Services, ext. 1015. Provide the name and address of the merchant and when you will need the certificate(s). The certificate(s) can be sent to the merchant by email, fax, mail

or be sent to you. If any questions arise when presenting certificate(s), call the Office for Financial Services to avoid problems later when the invoice is presented for payment.

- Many vendors will recognize Luther College's sales tax exemption status after viewing a copy of Luther's sales tax exemption information which can be obtained from the Office for Financial Services.

B. State by State

- **Iowa** – Luther College, as a private, nonprofit educational institution, is exempt from sales and use taxes. To qualify for this exemption, purchases must be paid for with a Luther College check or charged on a Luther College commercial card. Luther has not been issued a sales tax exemption number by the state of Iowa since we are exempt by definition in the state code of a tax exempt institution. Consequently, we do not have a tax exempt number to provide merchants. Merchants possibly will request a certificate of exemption, see attached. Many merchants in the Decorah area readily recognize Luther as being tax exempt. However, it is still a good idea to tell the clerk/cashier/waitress/waiter prior to your bill being prepared that sales tax should not be included. If a merchant is not willing to omit sales tax from your bill, contact the Office for Financial Services, ext. 1015, for assistance.
- **Colorado** – use Iowa's tax exempt certificate
- **Florida** – sales tax exempt certificate number 85-8012570634C-9
- **Illinois** – sales tax exempt certificate number E99702721
- **Indiana** – use blanket certificate form ST-105
- **Kansas** – use blanket certificate form ST-28
- **Michigan** – use Michigan tax form 3372
- **Minnesota** – sales tax exempt certificate number 2850472 Not exempt on meals or lodging
- **Missouri** – sales tax exempt certificate number 15697592
- **New Jersey** – sales tax exempt certificate number 420-680-466/000
- **New York** – sales tax exempt certificate number 209838
- **North Dakota** – sales tax exempt certificate number E5590
- **Ohio** – use blanket certificate form STEC-B
- **Texas** – use Texas tax form 01-339, Back page only
- **Wisconsin** – sales tax exempt certificate number 37790, use Wisc. tax form S-211

V. Confidentiality

The sales tax exempt certificate numbers are to be used only for college business and should not be shared with anyone not involved with college transactions.

This document is to be completed by a purchaser when claiming exemption from sales/use/excise tax. Certificates are valid for up to three years.

Purchaser Name Luther College 42-0680466

Seller Name _____

Address 700 College Drive

Address _____

City Decorah State IA ZIP 52101

City _____ State _____ ZIP _____

General Nature of Business Education

Telephone Number (563) 387-1015

Purchaser is doing business as:

Retailer

Sales/Use/Excise Tax Permit Number (if required) _____

Retailer Car Dealer

Enter your DOT number _____

Governmental Agency (including public schools)

Wholesaler Farmer Lessor

Manufacturer Nonprofit Hospital

Private Nonprofit Educational Institution

Qualifying Residential Care Facility

Nonprofit Museum

Commercial Enterprise

Other _____

Purchaser is claiming exemption for the following reason:

Resale Leasing Processing

Qualifying Farm Machinery/Equipment

Qualifying Farm Replacement Parts

Qualifying Manufacturing Machinery/Equipment

Research and Development Equipment

Pollution Control Equipment

Recycling Equipment Qualifying Computer

Qualifying Replacement Parts/Supplies

(Manufacturing, R&D, Pollution Control, Recycling, Computer)

Qualifying Computer Software, Specified Digital

Products and Digital Services

Direct Pay (permit number required) _____

Other 4 Year Non Profit Higher Education

Description of Purchase (Attach additional information if necessary)

Items for educational purpose.

Under penalty of perjury, I swear or affirm that the information on this form is true and correct.

Signature of Purchaser _____ Title _____ Date _____

Seller: Keep this certificate in your files.

Purchaser: Keep a copy of this certificate for your records.

Do not send to the Iowa Department of Revenue.