

# Sales Tax Updates

August 10, 2017

CUIBO Meeting

# Sales Taxes on the Purchasing Card

## Traveling on Pcard

### CAN A TRAVELING GOVERNMENT EMPLOYEE MAKE TAX-EXEMPT PURCHASES?

When a government employee is traveling on business, room and meal charges are taxable unless they are *directly billed to, and directly paid by, the government agency (paid by government check, an Idaho State Purchasing Card, or a federal Travel Card*

## What is Required

### HOW DOES AN IDAHO CITY, COUNTY OR STATE AGENCY MAKE A TAX-EXEMPT PURCHASE?

Idaho state government agencies and political subdivisions can make tax-exempt purchases in two ways:

- 1) Credit purchases can be made by giving a completed form ST-101, Sales Tax Resale or Exemption Certificate, to the vendor. Once this form is on file with the vendor, it is valid for all future exempt purchases.

To document the exempt purchase the vendor must keep a photocopy of the card, or the cardholder must complete form ST-101.

# State of Idaho and UI Recommendation

- The UI and our employees are charged with the operating philosophy, “Best Use of our Funds”, especially as related to State funds. Paying an additional 6% for goods or services when unnecessary violates this philosophy.
- Although we should avoid paying sales tax when ever possible, we do acknowledge that in certain circumstances it may be unavoidable.
- It is not our intention that the individual be held accountable for the sales taxes. Accounts Payable will process the documents as submitted and approved by the colleges and departments.
- The responsibility for requesting a tax refund or ensuring that the purchase is tax exempt belongs to the cardholder and the College or Department.

# What to Do if Sales Tax is Charged

## **There are 3 situations if Sales Tax is Charged.**

- 1. Department accepts the fiscal responsibility and approves the sales tax for payment.**
- 2. Department or the funding source does not allow the sales tax seeks a tax refund from the vendor.**
- 3. Department does not approve or pay the sales tax, requiring the individual to be held responsible for either payment of the refund request.**

## **Steps to remove or dispute sales tax on the Purchasing Cards.**

- On Z document, you need to request a credit from the vendor or dispute the sales taxes with US bank.**
- The Purchasing Card Claim needs to be submitted less the sales tax.**
- The Cardholder or Record Keeper needs to contact the Vendor for the Tax Removed or dispute the sales with the US bank.**
- OR if for personal preference, move the Expense to the Cardholder's Personal AR for repayment.**
- If the department/college agrees – it is optional to reimburse the sales tax on a Claim Voucher using an N or Y Budget.**