Sales Tax for University and College Student Organizations

1. One tax-free sale day per month. A sale of a taxable item by a qualified student organization is exempt from sales tax if all of the following are true:

* the student organization sells the items at a sale that lasts for one day only, and the primary purpose of the sale is to raise funds for the organization;
* the student organization holds not more than one fund-raising sale each calendar month for which the exemption is claimed;
* the student organization has as its primary purpose a purpose other than being engaged in business or performance of an activity that is designed to make a profit; and
* the sales price of the taxable item is $5,000 or less, except that a taxable item that the organization manufactures or has received by donation may be sold tax free during the one-day sale, regardless of sales price, if the item is not sold to the donor.

1. If an item is purchased for resale, it can be purchased tax free, but sales tax must be charged when the item is sold. However, the first $5,000 of taxable sales in a calendar year by a student organization is exempt from sales tax.
2. The student organization must be affiliated with the university, and the Comptroller’s office must have a record of the affiliation:

* A qualified student organization must be affiliated with an institution of higher education as defined by Education Code, §61.003, or a private or independent college or university that is located in this state and that is accredited by a recognized accrediting agency under Education Code, §61.003.
* A student organization must file with the comptroller a certification issued by the institution, college, or university showing that the organization is affiliated with the institution, college, or university.
* A college, university, or institution may designate one of its departments or officers to compile a list of registered or certified student organizations and submit the list to the comptroller in lieu of having each student organization submit individual certifications. The certification is valid until the institution, university, or college notifies the comptroller that a student organization is decertified, suspended, or otherwise loses its campus privileges or affiliation with the institution, university, or college.

1. If sales tax is charged, it must be submitted to the Comptroller’s office. The instructions for creating an account with the State Comptroller’s Office and submitting sales tax online will be on the Student Organization website.

*Reference: Texas Administrative Code, State Sales and Use Tax, Occasional Sales; Rule 3.316(k) University Student Organizations.*

***For further details, please contact the University Tax Specialist at 512-245-8708.***