

Exempt Purchases and Sales



**Fall Federation Meetings
August 26, 2017**

Presented by Stefanie Medack & Melissa Saenz
Tax Policy | Training and Web Development

Objectives



Exemption
from Paying

Fundraising

Collecting
and
Reporting

Resources

Aggie Moms

- Internal Revenue Service (IRS) 501(c)(3) group.
- Exempt from paying sales tax.
- Public listing.
- Application for Exemption, Form AP-204.



Exempt Purchases

- Must relate to exempt purpose.
- Not for personal items.
- Pay tax on travel expenses, even if reimbursed.
- Authorized agent—cash OK.
- Retailer not required to accept exemption certificate.

Texas Exemption Certificate

- Form 01-339 (back), *Texas Sales Tax Exemption Certificate*.
- The exemption certificate does *not* require a tax number to be valid.





Form 01-339 (Back)
(Rev. 4-13/8)

SAVE A COPY

CLEAR SIDE

Texas Sales and Use Tax Exemption Certification

This certificate does not require a number to be valid.

Name of purchaser, firm or agency Federation of Texas A&M University Mothers' Clubs	
Address (Street & number, P.O. Box or Route number) P.O. Box 1433	Phone (Area code and number) (555)555-5555
City, State, ZIP code College Station, Texas 77841	

I, the purchaser named above, claim an exemption from payment of sales and use taxes (for the purchase of taxable items described below or on the attached order or invoice) from:

Seller: Party Goods USA

Street address: 145 Party Way City, State, ZIP code: Any Town, Texas 88888

Description of items to be purchased or on the attached order or invoice:

Paper napkins and plates; plastic forks, spoons and cups.

Purchaser claims this exemption for the following reason:

Items purchased by Federation of Texas A&M University Mothers' Club, an exempt 501 (c)(3) organization, to be used at the annual back to school breakfast.

I understand that I will be liable for payment of all state and local sales or use taxes which may become due for failure to comply with the provisions of the Tax Code and/or all applicable law.

I understand that it is a criminal offense to give an exemption certificate to the seller for taxable items that I know, at the time of purchase, will be used in a manner other than that expressed in this certificate, and depending on the amount of tax evaded, the offense may range from a Class C misdemeanor to a felony of the second degree.

sign here	Purchaser <i>Jane Doe</i>	Title Vice President	Date 01/21/17
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NOTE: This certificate cannot be issued for the purchase, lease, or rental of a motor vehicle.
THIS CERTIFICATE DOES NOT REQUIRE A NUMBER TO BE VALID.
Sales and Use Tax "Exemption Numbers" or "Tax Exempt" Numbers do not exist.

This certificate should be furnished to the supplier.
Do not send the completed certificate to the Comptroller of Public Accounts.

Website

Find Enter a search term



Business Center

Comptroller Resources for Taxpayers

File & Pay

- Tax Forms
- TEXNET - Electronic Payment Network
- Due Dates

Register

- Sales Tax Permit Application
- Ag Timber Exemptions
- Centralized Master Bidders List (CMBL)
- Tax Certificates and Clearance Letters
- Texas Direct Deposit
- esystems/WebFile



File and Pay Electronically
WebFile Help Videos

Lookup

- Unclaimed Property
- Franchise Tax Account Status
- Look up Sales Tax Rates
- Electronic State Business Daily (ESBD)
- Sales Taxpayer Search
- State Payments Issued
- Tax-Exempt Entity Search
- Practitioners' Corner



Announcements and Notifications

GovDelivery Emails

The Comptroller's office often communicates with taxpayers via a service called GovDelivery. These messages, which are informational in nature only, are sent from the GovDelivery.com domain.



Get Help

What can we help you with?

Tax Help

- Franchise Tax
- Sales and Use Tax
- Property Tax
- Other Taxes
- Frequently Asked Questions
- Electronic Reporting
- Virtual Field Office
- Taxpayer Seminars

Other Help

- Unclaimed Property
- Texas College Savings Plans
- State Purchasing
- Contact Us
- Local Field Offices
- Agency Directory
- Compact With Texans
- Paginas en Español



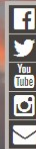
Explore Transparency

Open government is accountable government.

- State Revenue
- State Spending
- State Budget
- Key Economic Indicators
- Open Data
- Data Visualization
- Sources of Revenue
- Expenditures by County

- Local Government
- Tax Allocations
- State of Texas Comprehensive Annual Financial Report (CAFR)
- Biennial Revenue Estimates
- Certification Revenue Estimates
- Cash Report
- Bond Appendix

See What's New



Website, cont'd

Exemption for Qualified Organizations

The screenshot shows the 'Business Center' page of the Texas Comptroller of Public Accounts. The page is titled 'Business Center' with the subtitle 'Comptroller Resources for Taxpayers'. It features several navigation sections: 'File & Pay' (including Tax Forms, TEXNET, and Due Dates), 'Register' (including Sales Tax Permit Application, Ag Timber Exemptions, Centralized Master Bidders List, Tax Certificates, and Texas Direct Deposit), and 'Lookup' (including Unclaimed Property, Franchise Tax Account Status, Look up Sales Tax Rates, Electronic State Business Daily, Sales Taxpayer Search, State Payments Issued, and Tax-Exempt Entity Search). The 'Tax-Exempt Entity Search' link is circled in red. There is also a 'web file eSystems Login' section and a 'STAR State Tax Automated Research System' logo at the bottom.

Business Center
Comptroller Resources for Taxpayers

File & Pay
Tax Forms
TEXNET - Electronic Payment Network
Due Dates

Register
Sales Tax Permit Application
Ag Timber Exemptions
Centralized Master Bidders List (CMBL)
Tax Certificates and Clearance Letters
Texas Direct Deposit
eSystems/WebFile

web file
eSystems Login

File and Pay Electronically
WebFile Help Videos

Lookup
Unclaimed Property
Franchise Tax Account Status
Look up Sales Tax Rates
Electronic State Business Daily (ESBD)
Sales Taxpayer Search
State Payments Issued
Tax-Exempt Entity Search
Additional Corporate

STAR
State Tax Automated
Research System

Website, cont'd

[home](#) » [taxes](#) » [exempt](#)



TEXAS TAX-EXEMPT ENTITY SEARCH

Search and obtain online verification of nonprofit and other types of organizations that hold state tax exemption from:

- Sales and Use Tax
- Franchise Tax
- Hotel Occupancy Tax

Statewide group organizations might have one listing with "All Branches" as the city, rather than a separate listing for each local chapter.

- ▶ [Taxpayer Number Search](#)
- ▶ [Organization Name/City/County Search](#)

The database is updated nightly to provide the most current and accurate information. If you are unable to find a listing for an organization that you believe is exempt, you may contact us [by email](#) or call us at 800-252-5555.

Important – Please Read!

Certain organizations are **not** required to apply for exemption under Texas law such as state, local and federal governmental entities. This includes Texas Independent School Districts. Therefore, these entities **may not** be found using this search, and an exempt verification letter may not be available to print for these entities using this application.

Furthermore, an exempt verification letter generated from this search for any entity is **not a substitute** for a completed **exemption certificate** that is required when claiming exemption from Texas taxes.

Website, cont'd

TEXAS TAX-EXEMPT ENTITY SEARCH

Search and obtain online verification of nonprofit and other types of organizations that hold state tax exemption from:

- Sales and Use Tax
- Franchise Tax
- Hotel Occupancy Tax

Statewide group organizations might have one listing with "All Branches" as the city, rather than a separate listing for each local chapter.

▼ Taxpayer Number Search

11-digit Taxpayer Number

32002693086

Enter the entity's 11-digit Texas taxpayer identification number without any dashes or spaces. For example, enter 1-23-4567890-1 as 12345678901.

Submit Reset

► Organization Name/City/County Search

The database is updated nightly to provide the most current and accurate information. If you are unable to find a listing for an organization that you believe is exempt, you may contact us [by email](#) or call us at 800-252-5555.

Important – Please Read!

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Furthermore, an exempt verification letter generated from this search for any entity is **not a substitute** for a completed **exemption certificate** that is required when claiming exemption from Texas taxes.

Website, cont'd

Tax-Exempt Entity Search Results

Request Exemption Verification	Taxpayer No.	Name	City	County	State	Sales	Franchise	Hotel
Request Verification	32002693086	FEDERATION OF TEXAS A&M UNIVERSITY MOTHERS' CLUBS	COLLEGE STA	BRAZOS	TX	SALES	FRANCHISE	NOT EXEMPT



Website, cont'd

Verification Results



FEDERATION OF TEXAS A&M UNIVERSITY MOTHERS' CLUBS
COLLEGE STA TX

According to the records of the Comptroller of Public Accounts, the following exemption(s) from Texas taxes apply to the above organization(s):

Franchise tax, as of 01-01-2008

Sales and use tax, as of 09-04-1985

(provide Texas sales and use tax exemption certificate [Form 01-339 \(Back\)](#) to vendor)

The entity is not exempt from hotel occupancy tax.

Texas taxpayer identification number: 32002693086

Subordinates covered by this parent organization's group exemption, or entities covered by this category of exemption, may issue valid exemption certificates and although not required, may [apply](#) to be listed separately on our records.

This exemption verification does not mean that the organization holds a [permit](#) for collecting or remitting any Texas taxes.

Exempt organizations must collect tax on most sales. For more information, please see our publication [Exempt Organizations - Sales and Purchases](#) (96-122). [Online registration is available.](#) For information concerning sales taxpayer permit status, please use the [vendor search](#) we provide online.

Corporations that are registered in Texas with the Secretary of State must maintain a current registered agent and registered office address. Information is available from [Business and Nonprofit Forms page](#) of the [Secretary of State's Website](#). Additionally, out-of-state corporations, limited liability companies, or limited partnerships transacting business in Texas may need to file a Certificate of Authority or Registration with the Texas Secretary of State. More information is available from the [Foreign or Out-of-State Entities page](#) on the Secretary of State's Website.

Our publications and other helpful information are available on our [website](#). If you need more information, write to us at exempt.orgs@cpa.texas.gov, or call us at (800) 252-5555.

Fundraising

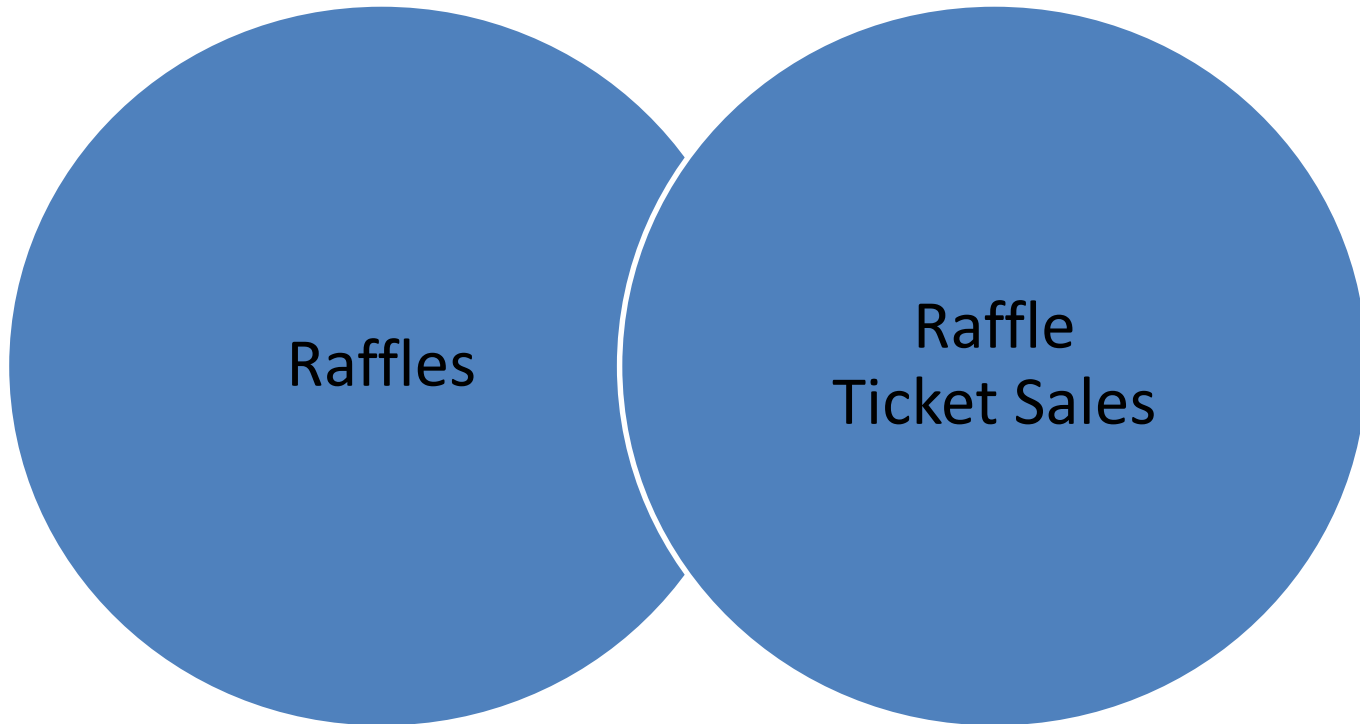
- Not a “magic” word.
- Seller collects, reports and remits tax.
- Sales of tangible personal property (TPP) are taxable unless an exemption applies.
- Sales tax permit unless ALL sales are nontaxable.



Raffles

OAG

Comptroller



Raffles, cont'd

TexasAttorneyGeneral.Gov
(800) 252-8011

- What is a raffle?
- Who may conduct raffles?
- Do I have to register to conduct?



Raffles, cont'd

Comptroller.Texas.Gov

- Are raffle ticket sales taxable?
- Intangible.
- Represents right to win.
- Not taxable.



Donations

- Donations are not taxed.
- When is a “donation” a “sale”?
 - e.g., Aggie cap = requested donation amount+



Two Tax-Free Sales Days



IRS

Comptroller



501 (c)(3)

2 One-Day,
Tax-Free
Sales

Two Tax-Free Sales Days

IRS 501(c)(3) Group

- Federation and chapters may hold 2 tax-free sales days each **calendar** year.



Two Tax-Free Sales Days, cont'd

- **Aggie Moms' Boutique**
 - **When:**
 - April 13 and 14, 2018
 - **Sale Hours:**
 - Friday 10 am to 5 pm
 - Saturday 9 am to 5 pm



Other Tax-Free Sales



Other Tax-Free Sales

- Amusement Services
 - Provides service.
 - No benefit to an individual.
- Writings
 - Published *and* distributed by 501(c)(3).



Other Tax-Free Sales, cont'd

- Intangibles.
 - Gift cards, gift certificates and coupon books.



Other Tax-Free Sales, cont'd

- Food Products.
 - Exempt food (e.g., fresh fruit and mixes).
 - Bakery Items (e.g., cookies and pies).
 - Not sold with plate or eating utensils.
 - Annual food sale.
 - Alcohol is not a food product.



Collecting and Reporting Sales Tax



Sales Tax Permit

Retailers: A seller may NOT accept a copy of this permit in lieu of a properly completed exemption or resale certificate. A certificate is necessary to document why tax is not collected on a sale.

TAXPAYER NAME, BUSINESS LOCATION NAME, and PHYSICAL LOCATION

X-----X
X-----X
X-----X
X-----X
X-----X
X-----X
X-----X
X-----X
X-----X
X-----X
X-----X
X-----X
X-----X
X-----X
X-----X
X-----X
X-----X
X-----X
X-----X
X-----X
X-----X
X-----X

You must obtain a new permit if there is a change of ownership, location, or business location name.

Type of permit X-----X
Taxpayer number X-----X
Location number X---X
First business date of location X-----X

Glenn Hegar
Comptroller of Public Accounts

DATABASE

Registration

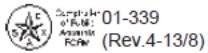
- Online at **Comptroller.Texas.Gov.**
- Mail in **Sales Tax Application, Form AP-201.**
- Visit a local **field office.**



Resale Certificate

- Must have sales tax permit.
- Issue certificate to buy items for resale.
- Tax is due if you don't resell, but use the item.
- Number must consist of 11 digits that begin with a 1 or 3.
- 9 digit FEI number or SSN not acceptable.

Resale Certificate, cont'd



Texas Sales and Use Tax Resale Certificate

Name of purchaser, firm or agency as shown on permit	Phone (Area code and number)
Address (Street & number, P.O. Box or Route number)	
City, State, ZIP code	
Texas Sales and Use Tax Permit Number (must contain 11 digits) _ _ _ _ _ _ _ _ _ _ _	
Out-of-state retailer's registration number or Federal Taxpayers Registry (RFC) number for retailers based in Mexico _ _ _ _ _ _ _ _ _ _ _ (Retailers based in Mexico must also provide a copy of their Mexico registration form to the seller.)	

Texas Sales and Use Tax

- State sales and use tax rate is 6.25%.
- Local taxing jurisdictions up to 2%.



Texas Sales and Use Tax, cont'd

- Determine your tax rate:
 - Tax rate locator.
 - Publication 94-105, *Local Sales and Use Tax Collection*.
 - Sales Tax Rule 3.334, *Local Sales and Use Taxes*.



Backing Out Tax

- **To back-out sales tax:**

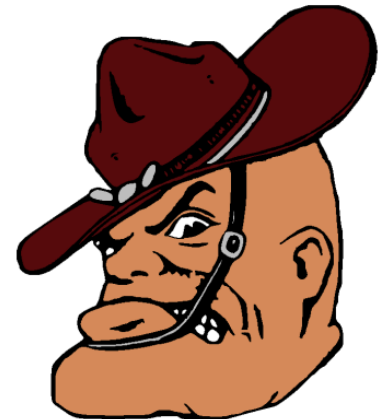
- Sales price \div by 1.(tax rate) $=$ tax base
- sales price $-$ tax base $=$ sales tax

❖ e.g., Taxable item sells for \$11, including tax.

Tax rate is 8.25%.

$$\$11 \div 1.0825 = \$10.16$$

$$\$11 - \$10.16 = \$0.84 \text{ (tax)}$$



Due Date



Filing Options

Yearly

Collect
**Less than
\$1,000**
in tax

Quarterly

Collect
**Between
\$1,000 and
\$1,499**
in tax

Monthly

Collect
Over \$1,500
in tax

Reporting Periods

Yearly

- Due January 20th 2018

Quarterly

- 3rd (July- Sept.) – Due Oct. 20th
- 4th (Oct. – Dec.) – Due Jan. 22nd

Monthly

- August – Due Sept. 20th
- September – Due Oct. 20th
- October – Due Nov. 20th
- November – Due Dec. 20th

Report

- Texas Sales and Use Tax Return - Short Form

01-117 (Rev. 9-1637)
PRINT FORM CLEAR FORM

Texas Sales and Use Tax Return - Short Form

Who May File the Short Form - You may file the short form if you meet all of the following criteria:

- your business has a single location in Texas;
- you report applicable local taxes only to the entities (city, transit authority, county or special purpose district) in which your business is located;
- you do not prepay your state and local taxes;
- you do not have a credit to take on this return for taxes you paid in error on your purchases; and
- you do not have customs broker refunds to report.

You must file the long form (Form 01-114) if any of these statements do not apply to your business. You must file a long form if you are responsible for out-of-state use tax and have no in-state locations.

If you have a credit to take on this return for taxes you paid in error or customs broker refunds to report, you are required to complete Form 01-114 Sales and Use Tax Return and Form 01-148 Texas Sales and Use Tax Return Credits and Customs Broker Schedule.

When to File - Returns must be filed or postmarked on or before the 20th day of the month following the end of each reporting period. If the due date falls on a Saturday, Sunday or legal holiday, the next business day will be the due date.

Business Changes - If you are out of business or if your mailing or outlet address has changed, you can make these changes online at www.comptroller.texas.gov/taxes/sales/, "Sales Tax Permit and Account Updates (Web-Change)", or by marking the box to the right of the signature line on this return.

Instructions for Filing an Amended Texas Sales and Use Tax Return -
 1. Make a copy of the original return you filed or download a blank return from our website at www.comptroller.texas.gov/taxes/Form01.
 2. Write "AMENDED RETURN" on the top of the form.
 3. If you're using a copy of your original return, cross out the amounts that are wrong and write in the correct amounts. If you're using a blank return, enter the amounts as they should have appeared on the original return.
 4. Sign and date the return.
 If the amended return shows you *underpaid* your taxes, please send the additional tax due plus any penalties and interest that may apply.
 If the amended return shows you *overpaid* your taxes and you are requesting a refund, you must meet all of the requirements for a refund claim. Refer to Sales Tax Refunds on the Comptroller's website at www.comptroller.texas.gov/taxes/sales/refunds/.

Whom to Contact for Assistance - If you have any questions regarding sales tax, you may contact the Texas State Comptroller's field office in your area or call 1-800-252-5555 or 512-483-4600.

General Instructions

- Please do not write in shaded areas.
- If any preprinted information on this return is incorrect, OR if you do not qualify to file this return, contact the Comptroller's office.
- Do not leave items 1, 2, 3 or 4 blank. Enter "0" if the amount is zero.
- You must file a return even if you had no sales.
- If any amounts entered are negative, bracket them as follows: <xx,xxx.xx>.
- If **hand printing**, please enter all numbers within the boxes, as shown. Use black ink.
- If **typing**, numbers may be typed consecutively.

0	1	2	3	4	5	6	7	8	9
---	---	---	---	---	---	---	---	---	---

0	1	2	3	4	5	6	7	8	9
---	---	---	---	---	---	---	---	---	---

ONLINE TAX FILING AND PAYMENT 24/7 WITH **WebFile!**
www.comptroller.texas.gov/taxes/file-pay/
Have this form available when you file your short form electronically using WebFile.
 Payment options are credit card or Web EFT (electronic check).
 No-tax due filing is also available through TeleFile at 1-888-434-5464.

You have certain rights under Chapters 552 and 559, Government Code, to review, request and correct information we have on file about you. Contact us at the address or phone numbers indicated in the instructions.

PLEASE DETACH AND RETURN BOTTOM PORTION ONLY

01-117 (Rev. 9-1637)
TEXAS SALES AND USE TAX RETURN
HHH
OUT OF BUSINESS DATE DO NOT ENTER UNLESS no longer in business.

a. **26140** • Do not fold, staple or paper clip

c. Taxpayer number

d. Filing period

e. Due date

f. Outlet no./location

k. Outlet address (DO NOT use a P.O. box address)

Taxpayer name and mailing address

I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief.
 sign here Taxpayer or duly authorized agent

Block out this box if out of business or address has changed.

1. TOTAL SALES		.00
■ (Whole-dollar only)		
2. TAXABLE SALES		.00
■ (Whole-dollar only)		
3. TAXABLE PURCHASES		.00
■ (Whole-dollar only)		
4. Total amount subject to tax		.00
■ (Item 2 plus Item 3)		
5. Tax due - Multiply Item 4 by the combined tax rate (include state & local)		
6. Timely filing discount (0.005)		
7. Prior payments		
8. Net tax due (Subtract Items 6 and 7 from Item 5)		
9. Penalty & Interest		
10. TOTAL AMOUNT DUE AND PAYABLE		
■ (Item 8 plus Item 9)		

Report, cont'd

- Texas Sales and Use Tax Return – Long Form

The image displays two overlapping tax forms from the State of Texas. The primary form is the **Texas Sales and Use Tax Return (Form 01-114)**, and the secondary form is the **Texas List Supplement (Form 01-114-A)**.

Form 01-114 (Main Form) Details:

- Form ID:** 01-114 (Rev. 2-15-13)
- Title:** Texas Sales and Use Tax Return
- Form Number:** 25100
- Filing Period:** (Blank)
- Due Date:** (Blank)
- Taxpayer Name and Address:** (Blank)
- Return MUST be filed even if no tax is due.**
- 1. Are you taking credit to reduce taxes due on this return for taxes you paid in error on your own purchases?** YES NO
- 2. Did you refund sales tax for items exported outside the U.S. based on a Texas Licensed Customs Broker Export Certificate?** YES NO
- 3. TOTAL SALES (Whole dollars only)**
- 4. TAXABLE SALES (Whole dollars only)**
- 5. TAXABLE PURCHASES (Whole dollars only)**
- 6. Amount subject to STATE TAX (Item 3)**
- 7. Amount subject to LOCAL TAX (Amount for state, county and SPD must be equal)**
- 7. AMOUNT OF TAX DUE FOR THIS OUTLET (dollars and cents) (Multiply "Amount subject to tax" by "TAX RATE" for state and local tax due)**
- TAX RATES:**
 - State tax rate: **0.062500**
 - Local tax rate: (Blank)
- 8. Total tax due (from all outlets or list supplements)**
- 9. Prepayment credit**
- 10. Adjusted tax due (item 8 minus item 9)**
- 11. Timely filing discount (0.005)**
- 12. Prior payments**
- 13. Net tax due (item 10 minus items 11 & 12)**
- 14. Penalty and interest (See instructions)**
- 15. TOTAL STATE AND LOCAL AMOUNT DUE (item 13 plus item 14)**
- 15a. Total state amount due**
- 15b. Total local amount due**
- 16. TOTAL AMOUNT PAID (Total of items 15a and 15b)**
- 17. MAIL TO: Comptroller of Public Accounts, P.O. Box 48334, Austin, TX 78714-9334**

Form 01-114-A (List Supplement) Details:

- Form ID:** 01-114-A (Rev. 2-15-13)
- Title:** Texas List Supplement
- Form Number:** FFFF
- Filing Period:** (Blank)
- Due Date:** (Blank)
- 1. PRINT YOUR NUMERALS LIKE THIS:** 01123456789
- 2. SUBJECT TO TAX (No Outlets only)**
- 3. TAX RATE**
- 4. TAX RATE**
- 5. AMT. OF TAX DUE (Multiply item 3 by item 4)**
- 6. LOCAL TAX**
- 7. TOTAL AMOUNT PAID (Total of items 15a and 15b)**

Report, cont'd



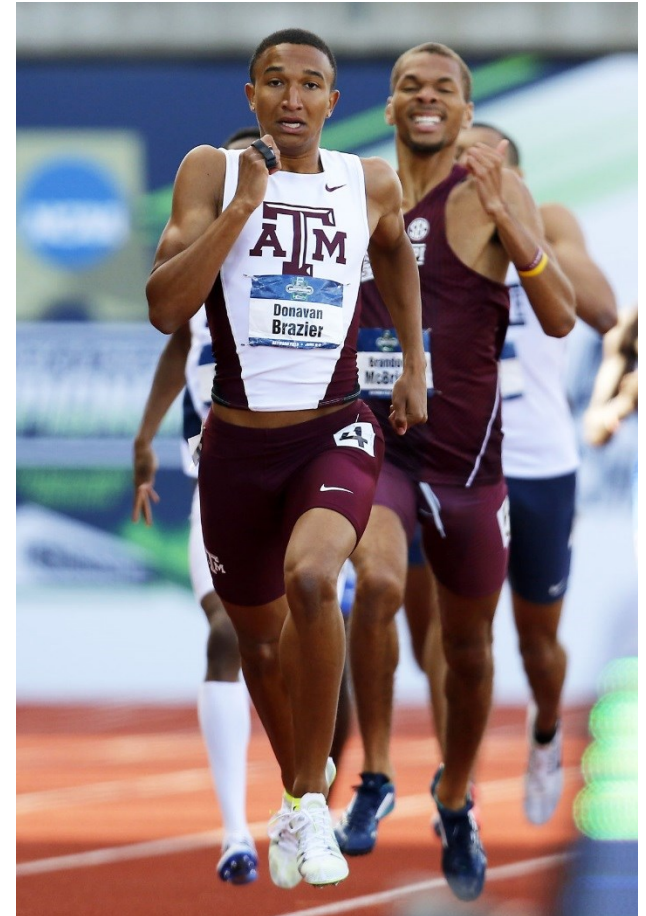
Report, cont'd

- **TeleFile, 888-4-FILING (888-434-5464)**
 - Report zero sales.
 - File past due zero reports.
 - Change filing status.



Late Filing

- Late Report
 - \$50 penalty
- Late Payment
 - Interest
- Pub. 98-918, *Late Filing*



Contact Us

- **Taxpayer Services**
 - **Call:** (800) 252-5555
 - **Tax Help:** comptroller.texas.gov/taxhelp
- **Exempt Organizations - Account Maintenance**
 - **Email:** exempt.orgs@cpa.texas.gov
- **Website:** Comptroller.Texas.Gov



Helpful Information

Sales Tax Rules:

Rule 3.285, *Resale Certificate; Sales for Resale*

Rule 3.286, *Seller's and Purchaser's Responsibilities...*

Rule 3.287, *Exemption Certificates*

Rule 3.293, *Food; Food Products; Meals; Food Service*

Rule 3.334, *Local Sales and Use Taxes*

Helpful Information, cont'd

Rule 3.298, *Amusement Services*

Rule 3.299, *Newspapers, Magazines, Publishers, Exempt Writings*

Rule 3.322, *Exempt Organizations*

Rule 3.365, *Sales Tax Holiday—Clothing, Shoes and School Supplies*

Helpful Information, cont'd

Publications:

94-105, *Local Sales and Use Tax Collection*

94-115, *Ready-to-Eat Food*

96-122, *Exempt Organizations – Sales and Purchases*

96-211, *Fairs, Festivals, Markets and Shows*

96-280, *Grocery and Convenience Stores: Taxable and Nontaxable Sales*

98-490, *Sales Tax Holiday*

