Sales Tax at OSU
Sales tax on our purchases

We are generally tax exempt as a buyer
University Tax Compliance Forms:  
https://controller.osu.edu/forms/forms.shtm#tax

<table>
<thead>
<tr>
<th>Name/Description</th>
<th>Revision Date/Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Columbus Certificate of Exemption, Hotel/Motel Excise Tax</td>
<td>June 2015</td>
</tr>
<tr>
<td>Form to be printed, completed and given to vendor.</td>
<td></td>
</tr>
<tr>
<td>Communications Excise Tax Exemption Certificate</td>
<td>September 2001</td>
</tr>
<tr>
<td>Form to send to vendor of telecommunication services.</td>
<td></td>
</tr>
<tr>
<td>IRS Form W-9</td>
<td>January 22, 2016</td>
</tr>
<tr>
<td>Form to be completed printed and sent to person requesting it.</td>
<td></td>
</tr>
<tr>
<td>State of Ohio Sales and Use Tax Blanket Exemption Certificate</td>
<td>April 4, 2016</td>
</tr>
<tr>
<td>Form to be completed printed and sent to the vendor.</td>
<td></td>
</tr>
</tbody>
</table>

Senior Tax Manager  
salestax@osu.edu  
614-292-0355  

Provides exemption for goods and services purchased with university funds.

University FEIN:  
31-6025986  

OSU Development FEIN:  
31-1145986  

Tax exempt forms for other states:  
https://controller.osu.edu/tax/tax-man-state.shtm#2  
You must read the exemption form – not all states have the same exemption rules.
Sales tax on our sales

We are not tax exempt as a seller
Why does OSU need to collect sales tax when we are tax exempt?

Although OSU and other non-profit organizations are commonly referred to as being "tax-exempt", this description can give the misleading impression that the tax laws do not apply to these organizations. In fact, taxing authorities impose numerous obligations on tax-exempt organizations.

Internal Revenue Service
Ohio Department of Taxation
Municipal taxing authorities
Tax obligations of tax-exempt organizations:

• Pay corporate income taxes on unrelated business income
• Meet receipting requirements for charitable gifts
• Act as a withholding/reporting agent when making payments to employees, independent contractors, students and nonresident aliens
• Act as a collection/reporting agent when making sales subject to sales tax
• Act as a reporting agent for tuition related payments for educational tax credit purposes

Unrelated business income
Charitable gifts
Employer taxes
Sales tax
Education Tax
Who must collect sales tax?
The Ohio sales and use tax applies to the retail sale, lease, and rental of tangible personal property as well as the sale of selected services in Ohio.

- includes OSU units, clubs, committees, individuals. If you are selling an item you are likely responsible for collecting and reporting sales tax to the State of Ohio.

Any entity in the State of Ohio who collects money for...
What if we don’t collect it?
In transactions where sales tax was due but not collected by the vendor or seller, a use tax of equal amount is due from the customer.

Sales tax is a "trust" tax that is to be collected by all retailers and certain service providers when they make taxable retail sales. It is called a "trust" tax because the consumer has entrusted this tax to retailers and certain service providers with the understanding that it will be reported and paid to the State of Ohio in a timely manner.

Fines
Revocation of vendor’s license
Legal prosecution
How much do we collect?
The state sales and use tax rate is 5.75 percent as of this publication. Counties and regional transit authorities may levy additional sales and use taxes.

Check the website for current rates.
http://www.tax.ohio.gov/sales_and_use.aspx
Sales tax

On what items do we need to collect tax:

Tax must be collected for all items that are taxable. The State of Ohio site has a good FAQ section on what is taxable but for OSU that usually means sales of:

- Publications
- Apparel or promotional items
- Name tags
- Plant sales and other fundraising sales

We don’t have to charge tax on registration fees, soil samples, membership fees or food
When do we sell something without collecting tax?
Sales process

Customer requests item

Is it a taxable Item?

NO
Collect money for item only

YES
Collect money for item and tax

Is this customer a tax exempt entity?

YES
Collect money for item only and a Certificate of exemption
When do we not charge tax on a taxable sale?

**Blanket exemptions** are granted to certain customer groups: *States or political subdivisions *U.S. government agencies *churches *Non-profit organizations (includes 4-H committees and groups) *schools, colleges, learning institutions.

**Direct Use exemptions** are granted on the grounds that the items purchased are being used in a particular manner. There is only one direct use exemption that should apply to sales made by FAES offices. *This includes items used in direct production of goods for sale.* “Sales to persons engaged in farming, agriculture, horticulture, or floriculture, of tangible personal property for use or consumption directly in the production by farming, agriculture, horticulture, or floriculture of other tangible personal property for use or consumption directly in the production of tangible personal property for sale by farming, agriculture, horticulture, or floriculture; or material and parts for incorporation into any such tangible personal property for use or consumption in production; and of tangible personal property for such use or consumption in the conditioning or holding of products produced by and for such use, consumption, or sale by persons engaged in farming, agriculture, horticulture, or floriculture, except where such property is incorporated into real property;” (Ohio Revised Code 5739.02, #17)
What documentation is required in order to provide an exemption from tax?

1) Blanket exemptions: Those claiming a blanket exemption complete a “Blanket exemption form" which remains on file and applies to all purchases made.

2) Direct Use exemptions: Persons claiming a direct use exemption must certify each purchase by recording the date, amount, etc. on their Blanket exemption form in your file.

Certificate of exemption
Tax exemption for purchases as a non-profit

Are committees and student clubs exempt from payment of sales tax?
Some groups are tax exempt:

- Must have a non-profit (501(c)3) designation on their Federal Employer Identification Number

*Required documentation:*

**Certificate of exemption** needs to be on file
This exemption only applies to the group and does not extend to individual members or volunteers.
Tax exemption for purchases as a non-profit

What about 4-H?
A 4-H club has a special designation through the IRS which allows them exemption from paying tax through their OSU affiliation.

BUT!
If a club buys the books then sells the item to their members then the club becomes responsible for collecting and remitting sales tax. The club must obtain a vendor’s license, collect sales tax on taxable sales, and remit sales tax.
Sales process

Customer requests item

Is it a taxable Item?

- NO: Collect money for item only
- YES: Collect money for item and tax

Is this customer a tax exempt entity?

- YES: Collect money for item only and a Certificate of exemption
- As a buyer
  - Ohio State University: Tax exempt
  - Non OSU 501c3 group: Tax exempt
  - Non OSU NOT 501c3 group: Not tax exempt
  - Individual: Not tax exempt

- As a vendor
  - Must collect tax
Tracking and Reporting Sales Tax
Sales tax

Each OSU office that sells things should have the following:
1. Tracking ledger
2. File for Certificate of exemption forms
3. File for submitted sales tax reports
4. File for clearing entries (Deposit Transmittal Form or Expense Transfer Form)
Tracking ledger

1. Keep a ledger of all incoming cash, checks or credit card revenue
2. The ledger should have at minimum the information below and a way for you to track:
   - Taxable sale, Tax exempt sale, Non taxable sale

<table>
<thead>
<tr>
<th>Date</th>
<th>Item Sold</th>
<th>From</th>
<th>Sale Amount</th>
<th>Tax Charged</th>
<th>Collected</th>
<th>Taxable Sale</th>
<th>Tax Exempt Sale</th>
<th>Non Taxable Sale</th>
<th>Tax Exempt Form on file</th>
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<tbody>
<tr>
<td>1/1/2016</td>
<td>Publication Sale</td>
<td>Joe Smith</td>
<td>$ 10.00</td>
<td>$ 5.75</td>
<td>$ 15.75</td>
<td>$ 10.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1/2/2016</td>
<td>Registration Sale</td>
<td>Jane Smith</td>
<td>$ 150.00</td>
<td></td>
<td>$150.00</td>
<td></td>
<td></td>
<td></td>
<td>$ 150.00</td>
</tr>
<tr>
<td>1/3/2016</td>
<td>Publication Sale</td>
<td>The Church of Sylvania</td>
<td>$ 100.00</td>
<td>$ -</td>
<td>$100.00</td>
<td></td>
<td>$ 100.00</td>
<td></td>
<td>Yes</td>
</tr>
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</table>

1/1 - Publication to an individual **Taxable**
1/2 – Registration **Not taxable**
1/3 – Publication to a Non Profit – **Tax exempt sale**

Safeguard ledgers are available from FAES Finance

These two get recorded on the monthly sales tax report.
Blanket exemption certificate
Direct use exemption

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# OSU State of Ohio sales tax reporting form – Multi County

<table>
<thead>
<tr>
<th>Dept</th>
<th>ORG</th>
<th>Fund</th>
<th>Acct</th>
<th>Month</th>
<th>Gross</th>
<th>Exempt</th>
<th>Net</th>
<th>Liability</th>
<th>Collected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hami Co</td>
<td>57086</td>
<td>061831</td>
<td>22600</td>
<td>Jan16</td>
<td>$110</td>
<td>$100</td>
<td>$10</td>
<td>$0.65</td>
<td>$0.65</td>
</tr>
</tbody>
</table>

*sales tax rate example 6.5%*

https://controller.osu.edu/forms/forms.shtm#tax

Gross = taxable sale + tax exempt sales  
Exempt = tax exempt sales  
Liability = net * county rate  
Collected = liability

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DUE THE 15TH OF EACH MONTH  
Email: salesTax@osu.edu
When does the State of Ohio get paid?

The Ohio State University Tax Office submits payment for the entire university to the State of Ohio on a monthly basis.

They do that based on your form submissions and the submissions from all other university departments who sell items.

Your responsibility is simply to submit the form monthly.
Accounting and
Frequently Asked Questions
Sales tax

Each OSU office that sells things should have the following:
1. Tracking ledger
2. File for Certificate of exemption
3. File for submitted sales tax reports
4. File for clearing entries (Deposit Transmittal Form or Expense Transfer Form)

- Record revenue and sales tax on ledger
- Maintain sales tax files
- Complete monthly sales tax report
- Review on eReports
- Submit clearing entries
How do I see it on my eReports?

**Two** Standard monthly reports show the sales tax liability. 3OS-61 and 6OS-91
How do I see it on my eReports?

3OS-61- Will show as a cumulative amount in the liabilities column.
How do I see it on my eReports?

6OS-91 Will show as a cumulative amount and current month amount.
My form creates a debit to liability… then what?

When the tax office does the entry to pay the State of Ohio they debit your chartfield. Org – Fund – Account 22600

If you do nothing else but submit the monthly forms then the liability will continue to accumulate.

**Offset options** – these options will create the credit offset

<table>
<thead>
<tr>
<th>Check/cash deposit university fund</th>
<th>Credit card terminal deposit</th>
<th>RegOnline credit card revenue</th>
<th>Extension checking account</th>
</tr>
</thead>
<tbody>
<tr>
<td>At the time you receive the payment from the customer. <strong>Deposit Transmittal Form</strong> separate your deposit into two lines 1. Revenue account 4xxxx and 2. Sales tax 22600</td>
<td>Complete an Expense Transfer Form. Debit: revenue account Credit: sales tax account 22600 for the amount of the sales tax.</td>
<td>Complete an Expense Transfer Form. Debit: revenue acct Credit: sales tax Account 22600 for the amount of the sales tax.</td>
<td>Write a check from the checking account for the sales tax amount. Use deposit transmittal form, reference account 22600.</td>
</tr>
</tbody>
</table>
What if I forgot to submit a month?
- Send it with the next month’s report

Why are we using a liability account number instead of revenue?
- Sales tax isn’t revenue. The funds collected are due to the state. When you make a deposit and credit the liability account it is a signal of money due to someone else.

Do I have to have a vendor’s license to sell things?
- No, the University reports under a combined vendor’s license. Your unit is not responsible for obtaining or maintaining a vendor’s license with the State of Ohio.

What if I want a detail of the activity that makes up my current liability amount?
- Using eReports, run a Detail Activity Report with your ORG, FUND and Acct 22600 for the time frame needed.

What if I don’t have exemption forms for past sales?
- Collect them for all future sales.

Can I include the cost of the tax in with my total price?
- Make sure it is clear what amount is sale and what amount is tax. It is ok to round out the amount to be paid for ease for the customer.

What if I have access to enter my own journal entries – can I do the correcting entry myself instead of submitting an Expense Transfer Form?
- Yes
Sales Tax Help

CFAES Finance:
Sales Tax Job Aid: http://cfaesfinance.osu.edu/training
General Email: cfaesbusiness@osu.edu

OSU:
Departmental State of Ohio Sales Tax Reporting Form:
https://controller.osu.edu/forms/forms.shtm#tax
Sales Tax Manual:
https://controller.osu.edu/tax/tax-man-state.shtm#1
Sales Tax Email – to email monthly form:
salestax@osu.edu

State of Ohio:
http://www.tax.ohio.gov/sales_and_use.aspx