



Sales and Use Tax Responsibilities of Elementary and Secondary Schools, Parent-Booster Clubs, Parent-Teacher Associations, and Student Organizations

August, 2007

The Nebraska Department of Revenue is providing this information to help schools, parent-booster clubs, parent-teacher associations, and student organizations understand their obligations for Nebraska sales and use taxes. This guide is not intended to answer all questions which may arise, but is intended to enable a person to become familiar with sales tax provisions related to schools and related organizations.

SCHOOLS

Nebraska public schools and school districts established under Chapter 79 of the Nebraska Revised Statutes, and Nebraska private schools, are exempt from the payment of Nebraska sales and use taxes **after** the institution has applied for and received the appropriate certificate of exemption. To obtain the certificate of exemption, the Nebraska school must complete a Nebraska Exemption Application for Sales and Use Tax, Form 4. Schools located outside Nebraska cannot qualify for exemption from the Nebraska sales or use tax.

Upon receipt of an exemption certificate, a school may purchase property or services tax-free by furnishing the vendor with a Nebraska Resale or Exempt Sale Certificate, Form 13, prior to or at the time of purchase. Purchases by school employees of school supplies and other related items are also exempt from sales tax if paid for by the school via direct-bill, a school check, or school credit card. However, purchases made directly by school employees are subject to sales tax even if the employee is later reimbursed by the school. A school employee cannot use the school's certificate of exemption to make tax-free purchases of property for either his or her own use inside or outside the classroom, or to be donated to the school. Such purchases are taxable even if the employee is later reimbursed by the school. A school employee is considered the purchaser when payment is made by the employee using his or her credit card or personal check. If payment is made using cash, the employee is considered the purchaser, unless the sales invoice clearly indicates the school is the purchaser and the retailer has a Form 13 on file issued by the school.

Any sales tax paid in error by the school may be refunded to the school by completing a **Claim for Overpayment of Sales and Use Tax, Form 7. Documentation must be submitted with the Form 7 that supports the basis for a refund.**

This guidance document is advisory in nature but is binding on the Nebraska Department of Revenue (Department) until amended. A guidance document does not include internal procedural documents that only affect the internal operations of the Department and does not impose additional requirements or penalties on regulated parties or include confidential information or rules and regulations made in accordance with the Administrative Procedure Act. If you believe that this guidance document imposes additional requirements or penalties on regulated parties, you may request a review of the document.

This guidance document may change with updated information or added examples. The Department recommends you do not print this document. Instead, sign up for the subscription service at revenue.nebraska.gov to get updates on your topics of interest.

(See Reverse Side)

Nebraska public and private educational institutions, even though exempt from **payment** of sales tax, are still required to **collect** sales tax on sales of taxable property and services made to the general public or to members of the school, **except** for the following sales:

- ◆ **Admissions** charged by a public or private elementary or secondary school or school district;
- ◆ **Meals and food products**, including soft drinks and candy, served during the regular school day or at school functions **not open to the general public**;
- ◆ **Concession sales** of food by elementary and secondary schools at their events **including those open to the general public**; and
- ◆ Sales by school-operated stores approved by elementary or secondary schools (e.g., shop or art supplies, notebooks, pencils) if the proceeds are used to support school activities or the school itself.

SCHOOL ORGANIZATIONS

Parent-booster clubs, parent-teacher associations, and student organizations are **not** exempt from sales or use tax. They **cannot** use a school's certificate of exemption to make tax-free purchases. Such organizations must pay tax on purchases for their own use and on purchases of property to be donated to the school. Purchases made for purposes of resale may be made tax-free by completing a Form 13, Section A, as a retailer. In the area designated for entering the Sales Tax Permit Number, the organization should write "Parent-Booster Club," "Parent-Teacher Association," or "Student Organization" as applicable.

Parent-booster clubs, parent-teacher associations, and student organizations are required to **collect** tax on all taxable sales except the following:

- ◆ **Admissions** to an event or activity in a public or private elementary or secondary school during the regular school day or at an approved function of the school;
- ◆ **Meals and food products**, including soft drinks and candy, served during the regular school day or at approved school functions **not open to the general public**; and
- ◆ Sales approved by the school, if the proceeds are used to support school activities or the school itself.

A Nebraska sales tax permit is not required if the sales bulleted above are the only sales made by the parent-booster clubs, parent-teacher associations, or student organizations.

Auctions may be conducted without collecting sales tax on the auction sales provided the auction is conducted by a school employee or by members of a parent-booster club, parent-teacher association, or student organization and the proceeds go to the school. However, if a third-party auctioneer is used, the auction sales would be taxable and sales tax must be collected.

For additional information on any of these items, please contact Taxpayer Assistance at 800-742-7474 (NE and IA) or 402-471-5729, or visit our website, revenue.nebraska.gov.