# Lehigh University Controller’s Office Guidelines for Collection of Pennsylvania Sales Tax

Lehigh University has the same responsibility to collect the appropriate sales tax as any other vendor under the Pennsylvania sales tax law, even though sales are made to students, employees or other persons directly associated with the University. If taxable property is sold, the fact that the University made no profit from its sale, or that the payment is called a donation, will not excuse the University from its responsibility for collecting and remitting the tax. The appropriate tax amount must be collected at the time of the sale if the sale takes place in Pennsylvania. Generally, a sale takes place in Pennsylvania if the buyer takes delivery or possession in Pennsylvania. Documentation that sales were tax exempt due to delivery outside the Commonwealth must be maintained by the selling department.

It is the responsibility of the selling department to consult, **in advance of the sale**, with the Assistant Controller or Tax Analyst to determine whether or not the sale is taxable. If the determination is made that the sale is taxable, the Controller’s Office will work with the department to facilitate the tax reporting and remittance process.

# Sales Exemptions:

Pennsylvania sales tax law does allow for two exemptions\*:

1. Isolated sales (defined as a sale of property which is conducted three times or less per year or the sale is held for seven days or less per calendar year; provided the sale is not held on the same premises in competition with other vendors who are required to collect tax; and
2. the sale of food or beverages on University premises in the regular course of University operations.

\*The Assistant Controller, in consultation with the Office of the General Counsel (if necessary), is responsible for making the determination of whether or not a sale meets one of the above exemptions.

# Taxable vs. Nontaxable Items:

The complete listing of items that are taxable by the Commonwealth of Pennsylvania is quite extensive and available from the Controller’s Office. The following listing is a general guideline for the types of sales typically made at the University. Departments must always confirm taxability of their sales with the Controller’s Office:

# Nontaxable Sales and Services:

* Textbooks required for coursework
* Student meal plans
* Basic wearing apparel (but not certain sporting equipment and apparel)
* Laundry of wearing apparel
* Meeting room rentals to external organizations in buildings that do not include sleeping accommodations
* Overnight room rentals in connection with Lehigh sponsored conferences and camps

# Taxable Sales and Services:

* Certain sales to outside organizations, including:
  + meals
  + room rentals for sleeping accommodations and any meeting rooms in same building if:
    - renter occupies or has the right to occupy for a period of less than 30 consecutive days; and
    - rental is to an external group (not connected to Lehigh sponsored conference or camp)
* vehicle rental if not rental with driver (PTA and VRT taxes apply)
* laundry of items not classified as wearing apparel
* charges for personal property rental included as part of the room rental
  + Certain printing services
  + Certain sporting equipment and apparel
  + Yearbook sales
  + Other miscellaneous personal property sales and rentals

# Sales to Non-profit Organizations

Sales to non-profit organizations may be tax-exempt if the organization provides a properly completed sales tax exemption form which provides a valid reason for exemption. Such forms must be kept on file by the selling department.