

STUDENT ACTIVITY SALES AND USE TAX PROCEDURES

Student Activity Accounts are **NOT** subject to the NYS Sales Tax Exemption granted to Massena Central School District. Activity Treasurers and Advisors are responsible for collecting Sales Tax on all fundraiser collections that are considered taxable sales by NYS. All money collected should be noted clearly on the Student Activity Deposit Form and Profit and Loss Statement.

The Central Treasurer is responsible for forwarding all NYS Sales and Use Tax collected to the taxing authority quarterly. Student Activity Treasurers will be notified of the amount withdrawn from their accounts quarterly by the Central Treasurer.

Activity Treasurers and Advisors are responsible to check with the Central Treasurer for the current NYS Sales and Use Tax Rate. The rate as of 9/1/08 is currently **7%** for merchandise and **3%** for clothing. Sales tax should be taken into consideration when setting resale prices for merchandise sales.

For Example:

If student council wants to buy candles for \$9.00 and make a profit of \$6.00 each they need to resell them for \$16.05 each.

$$\begin{aligned} \$15.00 \times .07 &= \$1.05 \text{ sales tax} \\ &+ \underline{\$15.00} \text{ taxable sales price} \\ &= \$16.05 \text{ total sales price} \\ \text{Profit: } \$15.00 - \$9.00 &= \$6.00 \end{aligned}$$

If student council wants to sell the candles for \$15.00 tax included they need to back the sales tax out of the figure. To figure sales tax, divide the sales price by 1.07.

$$\begin{aligned} \$15.00 / 1.07 &= \$14.02 \text{ taxable sales price} \\ \$14.02 \times .07 &= \underline{\$.98} \text{ sales tax} \\ &\$15.00 \text{ total sales price} \\ \text{Profit: } \$14.02 - \$9.00 &= \$5.02 \end{aligned}$$

Therefore they are only making approximately \$5.02 a candle.

Student Activity Accounts are also required to pay NYS Sales Tax on all purchases made. It is the responsibility of the Activity Treasurer and/or Advisor to notify vendors that they are a taxable organization and are required to pay sales tax. However, sales tax should **NOT** be paid on items that are intended for resale. If sales tax is paid on items purchased for resale it should be noted on the Requisition Form and the Profit and Loss Statement provided to the Central Treasurer. When sales tax is paid on resale items the amount of the item should be subtracted from the resale price to determine sales tax due.

For Example:

Tax is charged on the candle for \$9.00 making the total candle cost \$9.63. The \$.63 sales tax should be subtracted from the sales tax collected based on the sales price. \$.98 - \$.63 = \$.35 is owed for each candle sold for \$15.00

For additional information on NYS Sales Tax please contact the Central Treasurer or refer the NYS website <http://www.tax.state.ny.us/>

EXTRA CLASSROOM ACTIVITY
TAXABLE AND NON-TAXABLE SALES

<u>TAXABLE</u>	<u>NON-TAXABLE</u>
Sale of Soda or Candy Bars	Performing Art or Musical Performance Admissions
Social Dance Admissions	Bake Sale
Yearbook Sales	Periodicals/Newspapers
Cooked or prepared meals (i.e. spaghetti dinners, pizza)	Advertising
Car Wash	Potato chips or Popcorn in packages
Jewelry Sales	DJ Services
Clothing/Uniform Sales	Entry Fees
Heated Popcorn	Food (i.e. Maple Syrup and Oranges)
Trophies/Plaques	Frozen Pies
Engraving Services	Cookie Dough
Water	Gold Cards
Candle Sales	Donations
Concession Sales	Penny/Bottle Drive
Wreaths/Poinsettias/Plants/Flowers	Serve A Thon/Walk A Thon
Decorations/Supplies	Membership Dues
Umbrellas	

