

## Frequently Asked Questions: Sales and Use Tax

### 1. Where can I find Brown University sales tax exemption forms?

Sales tax exemption forms can be found on the State Sales Tax Exempt Certificates webpage on the Controller's Office website.

### 2. Is Brown exempt from all taxes?

Brown University is exempt from sales tax in eight states: Rhode Island, Massachusetts, Maine, New York, New Jersey, Illinois, Florida, and Texas. If purchases are made in any other state, sales tax will be applied to the purchase.

- **Connecticut Exemption**

While Brown University is not exempt from sales tax in the state of Connecticut, it may be possible to obtain one time exemptions on a case by case basis for sales, meals and lodging taxes. If you require a onetime exemption in the state of Connecticut, please contact the Tax Department to determine eligibility and to obtain the forms. The exemption processes can take between 6-8 weeks as authorization is required by the state prior to each exemption.

- **Massachusetts Exemption**

The Massachusetts sales and use tax exemption applies to purchases of tangible personal property and meals. Massachusetts does not provide an exemption from room occupancy excise taxes.

- **Maine Exemption**

The Maine sales and use tax exemption applies to purchases of tangible personal property only. Maine does not exempt meals or lodging taxes.

- **Illinois Exemption**

The Illinois sales and use tax exemption applies to purchases of tangible personal property. Illinois does not provide an exemption from Illinois Hotel Operator's Occupation Tax.

- **Texas Exemption**

The Texas sales and use tax exemption applies to purchases of tangible personal property and meals. Texas no longer exemption out of state institutions of higher education from the hotel occupancy tax.

- **Rhode Island, New York and New Jersey**

The sales tax exemption certificates from Rhode Island, New York and New Jersey allow for exemption of tangible personal property, meals and hotel taxes. In some cases, the hotels may need to be directly billed to the University in order for exemptions to apply. Please check with your hotel on their exemption policy prior to booking.

Sales tax exemption does not apply to tourism taxes (additional taxes charged by hotels and restaurants).

### **3. How do I request a sales tax exemption when I go to a local store?**

When Brown University's sales tax exemption certificate is used, purchases must be:

- For a Brown University business purpose, and
- Charged on a Brown University purchasing card.

When you go to a store in a state where Brown University has been granted a tax exemption, present the complete sales tax exemption certificate to the sales clerk.

### **4. How do I request a sales tax exemption when I purchase goods online?**

In order to obtain a sales tax exemption, the online account must be in **Brown University's** name. When the Brown University account is established, the University's sales tax exemption certificate is provided to the vendor. Contact the Purchasing Department to determine if a Brown University account exists or if an account may be established.

Once the Brown University account has been established, use your Brown University purchasing card to complete the purchase and properly receive the exemption from sales tax.

### **5. Are all purchases charged to a Brown University purchasing card tax-exempt?**

No.

For a purchase to be tax exempt:

- The purchase must be made in one of the states where Brown University is exempt from taxes, and
- The company account must be in Brown University's name and Brown's tax exemption is on file with the company, and
- The purchase must be made using a Brown University purchasing card or purchase order. (Some companies may bill Brown for a purchase without a purchase order).

Contact the Purchasing Department if you need assistance establishing a Brown University Account with a potential supplier.

### **6. If I use my personal credit card to make a business purchase, can I claim a tax exemption using Brown's tax exemption certificates?**

No, if you use your personal credit card, you may not use Brown's sales tax exemption. The sales tax exemption certificate may only be used with a Brown University purchasing card.

## **7. I received the Rhode Island Sales and Use Tax Annual Notice from a vendor. What do I do with it?**

In August of 2017, the RI legislature passed a requirement for all retailers who do not submit sales tax to the State of Rhode Island, requiring them to notify purchaser's whose purchases exceeded \$100 where no sales or use tax was collected at the time of the sale. While there was no change in the requirement for individuals to pay sales/use tax, the new notification requirement has increased awareness of this tax liability. Since the retailers are not required to collect this tax, the burden is passed on to the individuals making the purchase.

The Rhode Island Sales and Use Tax Annual Notice is mailed to purchasers when:

- Out of state vendors do not collect sales or use tax at the time of sale
- Purchase was over \$100
- The vendor account is not in Brown University's name, and
- A sales and use tax exemption certificate was not provided to the vendor.

If you received this form, sales and use tax may be due on the purchase. You will need to complete [Form T-205](#), which is available on the [RI Division of Taxation website](#). This form must accompany your RI State tax return.

Brown University will reimburse tax paid to the State of RI. The reimburse request must include:

- Completed Form T-205
- Proof of purchase and business purpose
- Proof that the tax owed from Form T-205 was included on your tax return and that the tax was paid.

Contact the [Director of Tax and Payroll Services](#) with any questions.