17.3 Sales and Use Tax

Policy Statement
The University follows Board of Regents and State of Georgia policy for sales tax collection and reporting. Such policies are outlined in the USG Business Procedures Manual, OCGA Title 48 Chapter 8, and the Georgia Department of Revenue. Links to these policies have been provided under the Related Information section of this policy.

Reason for policy
The Georgia General Assembly possesses the full and complete power to tax the retail purchase, retail sale, rental, storage, use, and consumption of tangible personal property and the services to the extent prohibited by the Constitutions of the United States and of this state and except to the extent of specific exemptions provided in OCGA Title 48 Chapter 8.

Procedures
The Accounting department is responsible for ensuring that University units which sell goods and some services to non-tax exempt individuals or organizations collect sales tax and report the collection of such to the Accounting department.

Generally, sales of goods and some services for ultimate consumption to individuals or entities which do not present a Georgia Sales and Use Tax Certificate of Exemption must carry a four percent charge for Georgia State Sales Tax which will be remitted to the Georgia Department of Revenue Sales Tax Unit. Additional taxes such as local option, special option or Marta tax may need to be added and should be determined by the point of delivery of a taxable sales transaction.

University units engaged in the sale of goods and services which are not currently charging and collecting sales tax should consult the Accounting department for the procedure to be followed.

Forms/Instructions
https://busfin1.busfin.uga.edu/accounting/sales_tax_login.cfm

Policy definitions
OCGA: Official Code of Georgia

Responsibilities
Responsible University Senior Administrator: Vice President for Finance & Administration
Responsible University Administrator: Associate Vice President for University Business and Accounting Services
Policy Owner: Accounting
Policy Contact: Terri Akers
Policy Contact Phone Number: 706-542-6868

Record Retention
Documentation related to sales and use tax reporting should be retained, including working papers and reconciliation reports

Record Copy: Accounting
Retention: 7 years
FAQs

What is the deadline for submitting sales tax reports to Accounting?
Sales tax reports are due in the Accounting department by the 10th of the month. If the 10th falls on a weekend or a Monday, then the report is due the Friday before.

Do I need to submit a tax report if I did not collect any taxes?
Yes, we still need a report with an original signature for filing purposes.

What is vendor’s compensation?
Vendor’s compensation is a type of rebate for collecting taxes. The Accounting department transfers vendor’s compensation back to the revenue accounts at different intervals during the year, usually quarterly.

Why do we have a deadline for sales tax that has to be adhered to so strictly?
There are approximately 80 departments that collect sales tax and remit reports to Accounting. Accounting has to verify, correct, and consolidate all of these individual reports into one UGA sales tax report for the Georgia Department of Revenue. This report includes reporting the amount for each tax type for each Georgia county. It takes the entire time between the Accounting department’s deadline of the 10th of the month to the Department of Revenue’s deadline of the 18th, 19th, or 20th of the month (various for each month for EFT deadlines) to compile everything. If the state’s deadline is missed, the University will be fined and will lose the right to collect vendor’s compensation.

Related information
USG Business Procedures Manual 19.6: Sales Tax Collection and Reporting
OCGA Title 48 (Revenue and Taxation) Chapter 8 (Sales and Use Taxes)
Georgia Department of Revenue - Sales and Use Tax
(Taxes | Unrelated Business Income Tax (UBIT))

Policy Dates
Effective Date:

Date Last Updated: 04/14/2017

Date of Last Review:

Date of Approval:

Previous Version of Policy: