

GEORGETOWN UNIVERSITY



FINANCIAL AFFAIRS MANUAL

Issuing Department Tax Department	Topic: Collection and Remission of DC Sales Tax	Policy # TAX - 01		
New <input checked="" type="checkbox"/>	Revised	Supersedes Policy #	Effective Date: October 1, 2001	Page 1 of 2

100.1 POLICY

Collection and Remission of DC Sales Tax.

100.2 STATEMENT

To facilitate the process of collection of DC sales tax by University departments, reporting sales tax activity to the Tax Department, and the remission of taxes collected to the DC government.

100.3 RESPONSIBILITY

University departments making sales subject to DC sales tax (defined below) are responsible for the collection, proper accounting, and reporting to the Tax Department on a timely basis (defined below).

The Tax Department is responsible for educating the University departments on sales tax. This includes: clarifying, when necessary, types of transaction are subject to sales tax, informing the departments of any change in the DC sales tax law, reviewing the sales tax reports submitted to the tax department, and remitting payment to DC based on these reports.

100.4 GUIDELINES:

a. What is a taxable transaction?

Generally, DC imposes a sales tax on any sale of tangible personal property (TPP) or service. Typical transactions at the University subject to tax include: Parking, Room Rentals – (for lodging purposes), Copying, and Course Packet Sales. There are certain exemptions that are defined below.

Note: If the fee charged includes sales tax, this must be posted or printed on the receipt.

b. Exemptions

There are a limited number of instances where the University is not required to collect DC sales tax. Some of the more common exceptions at the University are:

- The purchaser has a valid DC Sales and Use Tax Exemption Certificate.
- The purchaser has a valid DC Reseller's Certificate.
- The purchaser represents the Federal or DC government.

When a purchaser is deemed exempt, proper documentation must be kept. In the exceptions listed above, a copy of the applicable DC certificate, or purchase order is sufficient documentation.

Note: Students (with the exception of room rentals) are not exempt from sales tax.

c. What are the applicable tax rates?

Room Rentals – 14.5%
Parking – 12%
Food and Drink – 10%
General Rate (Copying, other sales of TPP) – 5.75%

d. Accounting for Sales Taxes Collected

- Post revenue subject to tax to revenue account #55180 (Rev. Subject to DC Sales Tax) or other revenue account agreed to by the Tax Department.
- Post all sales tax collected to liability account #20402 (Sales Tax Payable – DC).

Note: Reconcile these two accounts on a monthly basis. That is, what is reported in #55180 for a month when multiplied by 5.75% (or 12% or 14.5% as applicable) should equal the total posted to #20402, also what was reported to the Tax Department in the prior month (in #20402) should be clearing in the current month.

- At month end complete the **DC Monthly Sales Tax Report**, making sure to provide g/l detail that supports both revenue and liability amounts reported, and submit to the Tax Department.

e. When are taxes due?

The DC Monthly Sales Tax Report for activity in a current month is due to the Tax Department by the 10th of the following month. For example, the July 1st - July 31st activity would be reflected in the report submitted to the Tax Department by August 10th.

f. Internet Sales

If Georgetown University has a presence in the state where the sale is being shipped, sales tax *may* have to be collected. Please contact the Tax Department for further information.

g. Still have questions?

If you are unclear whether sales your department are making are subject to DC sales tax or have any other questions on the collection or accounting for DC sales tax, please call John C. Kotwicki, Tax Manager @ (202) 687-5449 (kotwickj@georgetown.edu) or Lawrence H Smith, Senior Tax Accountant, @ (202) 687-5448 (smithl@georgetown.edu).