

JMU Procedure for Collection of Retail Sales and Use Tax - **Sale of Merchandise**
VA Tax Account Number #10-546001756F-001

(6/29/2007) Revised 2/2/2015, 04/15/2025

Purpose

Describe the general guidelines for collecting Virginia Retail Sales and Use Tax for Sale of Merchandise

Policy

The department or activity head is responsible for collection and deposit of sales tax when approved sales of merchandise in his/her area are subject to the Retail Sales and Use Tax.

Sales tax DOES NOT apply when:

- The university sells merchandise to university departments and the goods are paid for with university funds
- The sale is to a non-profit organization providing a tax-exempt certificate
- The sale of nonprescription drugs and proprietary medicines not containing controlled substances or marijuana.¹
 - In determining whether or not the exemption applies, three questions must be considered:
 - Is the item a nonprescription drug or proprietary medicine?
 - Is the product sold for internal or topical use?
 - Is the product sold for the cure, mitigation, treatment or prevention of disease in human beings?

Procedure

- Department/Organization requests and receives written authorization from Associate Vice President, Finance for sale of goods.
- Upon collection of sales revenue, department staff completes deposit transmittal form allocating sales revenue to authorized DeptID# and allocating sales tax to 100271-012000 and remitting deposit transmittal form along with funds to the University Cashier.
 - The sales & use tax rate is **5.3%**
- Daily/upon receipt of exempt sales, department staff emails University Business Office [UBO] departmental mailbox at ubo@jmu.edu with the required information: date of sale (MM/DD/YY), total of exempt sales for that day, DeptID# and account# to which receipt sales were deposited.
- Upon receipt of flex funds from Card Services, department completes distribution of sales tax collected by completing an ATV (crediting 100271-012000 and debiting their DeptID# and account code to which Card Services deposited the flex funds).
 - If any flex funds collected included exempt sales, the department must also notify the UBO via the same procedure indicated above for all other payment methods
- UBO will transfer the sales tax to the university sales tax DeptID#.

- UBO will complete the required Form ST-1 and remit the sales tax collected on behalf of JMU monthly.

Reference

Tax Code of Virginia

From Code Section 58.1-603:

There is hereby levied and imposed, in addition to all other taxes and fees of every kind now imposed by law, a license or privilege tax upon every person who engages in the business of selling at retail or distributing tangible personal property in this Commonwealth, or who rents or furnishes any of the things or services taxable under this chapter, or who stores for use or consumption in this Commonwealth any item or article of tangible personal property as defined in this chapter, or who leases or rents such property within this Commonwealth, in the amount of 4.3 percent:

Definitions

Tax Code of Virginia

From Code Section 58.1-602:

"Retail sale" or a "sale at retail" means a sale to any person for any purpose other than for resale in the form of tangible personal property or services taxable under this chapter, and shall include any such transaction as the Tax Commissioner upon investigation finds to be in lieu of a sale. All sales for resale must be made in strict compliance with regulations applicable to this chapter. Any dealer making a sale for resale which is not in strict compliance with such regulations shall be personally liable for payment of the tax.

Per Code Section 23VAC10-210-30 Admissions:

The tax does not apply to sales of tickets, fees, charges, or voluntary contributions for admissions to places of amusement, entertainment, exhibition, display, or athletic contests, nor to charges made for participation in games or amusement activities. However "cover charges" or "minimum charges" which include the provision of or the entitlement to food, drinks, or other tangible property constitute a sale of property and are subject to the tax. Admission fees or "door charges" which entail no right to receipt of or credit toward the purchase of food or other tangible personal property are not subject to the tax.

If the taxpayer [JMU] clearly and specifically segregates its charges for food, drinks from its charges for entertainment in collecting and remitting sales tax, it has been ruled this is correct however if the provision of food, drinks or other tangible property are not segregated from entertainment admission fees then the entire cost of the sale is taxable.

Statutory Authority: § 58.1-203 of the Code of Virginia.

Historical Notes: Derived from VR 630-10-2.1; added January 1979; revised January 1, 1985; amended eff. July 1, 1993.

(Effective July 1, 2013, Northern Virginia and Hampton Roads Regions have alternative sales tax rates as do vending machines sales tax. There is also a Northern Virginia Transient Occupancy Tax all of which are not related to sales and use tax collections made by James Madison University.)

1 - Reference Virginia Department of Taxation TAX BULLETIN 13-5 dated 3/15/2013: Information Regarding Nonprescription Drugs and Proprietary Medicines. *[Note: no campus merchant is authorized to sell prescription or nonprescription drugs or proprietary medicines or devices without prior, written authorization from the AVP for Finance.]*