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**What is a sales tax exemption?**

45 states plus the District of Columbia charge sales tax on the purchase of goods or services. The University is exempt from federal income tax because we are recognized as a 501(c)(3) entity under the Internal Revenue Code. These entities are typically nonprofit religious, charitable or educational in nature and many states have elected to not assess sales tax on purchases made by these organizations. This is a significant benefit as it is allows qualifying organizations to reduce their expenses by the tax amount.

**How do I take advantage of this exemption?**

In order to receive an exemption from sales tax, most states require completion of a state specific form which must be presented to the seller at the time of purchase.

**What about purchases made in the Prime Marketplace?**

For purchases made in the Prime Marketplace, we have already worked with the individual sellers to ensure that all of our purchases are not charged sales. No action is needed as the exemption will be applied automatically.

**Are there any restrictions?**

There are two types of restrictions when requesting an exemption from sales tax, general and state specific:

- General restrictions are focused on ensuring that the exemption is only used for its intended purpose. For example, the University’s sales tax exemptions cannot be used for personal purchases, cannot be used for purchases that the university will resell and cannot be used on purchases made using personal funds even if reimbursed.
- State specific restrictions consist of unique requirements imposed by each individual state. For example, in New Jersey, taxes assessed on a hotel stay are not exempt; in Pennsylvania vehicle leases and purchases are not exempt. The instructions page for each state identifies the most notable restrictions and the seller typically will know if the purchase is exempt.

**Which form do I use?**

Assessment of sales tax is determined by where a purchase is delivered. If you purchase an item from a company and that item will be shipped directly to New Jersey, the New Jersey exemption form should be presented to the seller, regardless of the location of the seller. If the goods will be delivered in any other state, the exemption form for that state should be presented to seller if that state recognizes our exemption.

When traveling, expenses such as meals and lodging are consumed locally and thus the form for the state you are in should be used. Before departing, consider printing a few copies of the relevant state’s form for use while traveling. As a fallback, some states reciprocally recognize our New Jersey exemption and will accept our New Jersey exemption number which is printed on both the Travel & Expense and Departmental Purchasing cards.

**When does the form expire?**
The term of our exemption varies by state, with some valid in perpetuity while others are typically valid for between 5-10 years. The instructions page for each state lists the period for which our exemption is valid. Procurement Services monitors the expiration dates and will pursue renewals prior to the expiration date.

The Seller says the form is old, what should I do?

There may be two different dates on a form and the appropriate action depends on which the seller is questioning:

**Date of Issue**: Some states publish the date of issue on the form, and because these forms often never expire, the issue date may seem outdated (sometimes more than a decade old). Sellers should be aware of this and accept the form as is, as the state will not provide an updated certificate unless something has changed such as the mailing address. If the seller still refuses to accept the certificate, please contact the Financial Service Center.

Date of Signature: In order to help expedite the completion of a form, each’s state’s form has been pre-filled and signed/dated by an authorized representative. These forms are updated with fresh signatures and dates on an annual basis around the start of the new school year. As a result a form should never be more than a year old which should be acceptable to most sellers. If a seller insists on a more recently dated form, please contact the Financial Service Center for assistance.

Can I use my personal funds?

In order to qualify for a sales tax exemption, the purchase must be made in the University’s name and with University funds. This can be in the form of a purchase order, or through the University’s Departmental Purchasing or Travel & Expense card. Purchases made with personal funds are not exempt from sales tax. These purchases will be charged sales tax even if the purchase is for a University activity and will be reimbursed. For this reason we encourage you to use one of the University’s purchasing methods rather than a personal credit card when making purchases on behalf of the University.

Some states offer a choice of single vs blanket exemption. What’s the difference?

By default, most purchases require that an exemption form be presented to seller every time a purchase is made. If making multiple purchases from the same seller, this can create a lot of repetitive paperwork. To address this issue, some states offer the option of a blanket exemption which the seller keeps on file for future purchases. Once initially submitted, an exemption form does not need to be completed each time a new purchase is made. Please keep in mind that the exemption is specific to the seller and in most states is typically valid for one year from the date of the initial purchase.

I’ve already received an invoice with sales tax, is it too late?

It’s not too late! If a supplier has sent an invoice that includes sales tax, please do not pay the invoice. Most sellers can reissue an invoice without sales tax if given a copy of our exemption form even retroactively. As long as the University was exempt at the time of the purchase, the seller should be able to honor the exemption and reproduce an invoice without sales tax included. If a seller refuses or requests additional information, please contact the Financial Service Center for assistance.

What’s different about Connecticut?

In most states that grant us an exemption, they have given us advance approval for purchases. Connecticut has granted us an exemption and has given pre-approval for sales tax exemption on the
purchase of goods and services through the use of CERT-119. Exemption from tax on purchases of meals and lodging are made on CERT-112 (Single Purchases) or CERT-123 (Blanket Purchases), while also exempt, are not preapproved. Instead, the state requires advance submission of the form, which they will then review and return with an approval/denial decision. The instructions from the state require the request be submitted at least three weeks in advance of the date of the event/purchase. Once the form is completed, Cert 112 can be sent directly to the state Department of Revenue. Cert 123 should be sent to Procurement Services (purchase@princeton.edu) who will then coordinate the submission and review of the blanket request.