

Boulder Valley School District
Q & A Sales Tax Compliance

Are items on the approved Fee Schedule authorized by the BVSD School Board subject to sales tax?

Any item on the approved Fee Schedule and offered to the students in accordance with the guidelines set forth in the Facts about Fees in BVSD (copy attached), will be considered a non-taxable mandatory payment of cash to be used to provide services and products necessary for the education of the children at schools in the Boulder Valley School District RE-2. No sales tax would be required to be collected. (Please Note: Kindergarten Note Pads, Planners, day books, atlas, T-Shirts for Musicals, and Writer's Inc. books are items on the approved fee list. Please review the policy to ensure your school is using these materials for the prescribed purpose stated in the Fee Policy.)

At various times throughout the year PE Uniforms, Spirit Pack for Sports, Yearbooks, Sweatshirts, T-shirts, DVD's, and class snacks are sold. Do we need to collect sales tax on these items?

These items are excluded from the approved Fees in BVSD List. Therefore, since they are not necessary for the education of the children at schools in the Boulder Valley School District, sales tax would need to be collected on the sales of these items.

Are fees collected for field trips subject to sales tax collection?

The collection of fees for a field trip includes no sale of tangible personal property or food; therefore no sales tax should be collected on these fees. Additionally, field trip fees are included on the BVSD approved fee schedule for service and items necessary for the education of children.

Healthy snacks are provided in our teachers lounge free of charge. However, teachers can make voluntary donations to help restock these healthy snacks. Are the donations subject to tax?

Donations are not subject to sales tax.

Does sales tax need to be collected on admission fees charged to get into a school concert, dance, musical event, and/or theatrical event (excluding events where Dinner or food is included in the admission fee)?

No sales tax is collected on the cover charge/admission fee for service or entertainment when these charges are separately stated from any charges for food or drink. (Please note: Sales tax should be collected on food and tangible personal property sold or auctioned off at these events.)

The school is having a spaghetti dinner. Are we required to collect sales tax on the admission price?

If the admission cost does not separately state the food cost from the donation or entertainment fee, then the entire admission cost would be subject to sales tax collection. If the admission cost clearly separates the food and donation portion, only collect sales tax on the food charge. (Please note: Any business or individual who donates food to the event can receive a charitable contribution for their costs incurred.)

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Our school is having a bake sale. Does sales tax need to be collected?

Colorado State Regulation (39-) 26-102.4.5. 3. (g) Street Vendors. Street vendors (e.g., push carts, mobile food stands, and the like) will generally be subject to tax on all their sales.

Our school is having an event where local area businesses donate gift certificates and the school auctions them off to the highest bidder?

State of Colorado FYI Sales 31 Special Regulation: Gift Certificates (Revised 07/93) states, Sales of gift certificates and similar documents, as well as their redemption for cash, are not subject to sales tax.

We run a school store or concession stand that purchases inventory for re-sale to students. We sell various items like candy, pop, sweat shirts, note books and other similar items. Do we need to collect sales tax on these sales?

Sales tax will need to be collected on all sales of tangible personal property and snack foods sold in the store.

Our school does not have a school store, but a class or student organization is allowed to set up a table to sell pencils, paper, candy, plants and similar items. They use the proceeds for outdoor education programs, field trips and other school programs. Is sales tax required to be collected?

Sales tax will need to be collected on all sales of tangible personal property and snack foods.

Our school is having a car wash; will sales tax need to be collected?

The act of washing cars is a service and currently not subject to sales tax. Sales tax only needs to be collected, when tangible personal property or food that is readably edible is sold.

Life Touch, Scholastic Books, Kidz Art and other similar organizations organized fundraising events for our school. All prices are predetermined by the organization and all funds collected are given to those organization. They in turn provide the school with a percentage of the proceeds. Is the school required to collect sales tax on these transactions?

These organizations will either have you collect the sales tax in their behalf or include sales tax in the predetermined prices set by the organization. In any event since all proceeds are submitted to the organization they would hold the responsibility of remitting the sales tax to the state and local tax jurisdictions. The percentage proceeds you receive are commissions and not subject to tax.

Our teachers find items that are popular with our students like speed stacks, Y-ties and other fun items. The teacher buys them at a discount; then sells them to the students at their cost. The teacher benefits by receiving free merchandise offered by merchants. Does sales tax need to be collected?

The teacher should not pay sales tax when purchasing the items, but will need to collect sales tax on the sale to the students.

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Vending Machines – Answers for questions under this topic have been taken from the State of Colorado FYI Sales 59 Vending Machines.

Who is responsible for remittance of sales tax due from sales made through vending machines?

If a person or company only receives a fixed fee or a percentage of receipts from a vending machine, and has no access to the machine, such person or company is **not** liable for remitting sales tax. Typically, the owner or lessor of a machine periodically replenishes the machine and remits the money. However, in some cases a lessee or operator stocks the machine and removes the money, which would require that the lessee or non-owner operator be liable for remittance of the sales tax.

Are sales and purchases of food through vending machines subject to sales tax collection?

All sales and purchases of food as defined in Section 39-26-102(4.5), by and through vending machines shall be exempt from Colorado State sales tax. "Food" means food for domestic home consumption as defined in 7 U.S.C. sec. 2012(g), as amended, for purposes of the federal food stamp program as defined in 7 U.S.C. sec 2012(h), as amended. However, the following items are not considered food and would therefore be taxable:

- Carbonated water marketed in containers
- Chewing gum
- Prepared salads
- Packaged and unpackaged cold sandwiches
- Hot or cold beverages served in unsealed containers or cups that are vended by or through machines or non-coin operated food and snack devices.

This means canned soda or any other canned drinks sold through a vending machine are exempt, but fountain style coffee, soda or any other drinks sold in cups are taxable. It is the owners, lessors, lessee and operators responsibility to record the taxable food items sold and remit the appropriate sales tax.

This exemption applies to state sales tax only. Cities, counties, RTD/CD/FD, and RTA have the option of taxing food sold through vending machines. However, if they exempt food sold through vending machines from sales tax, they must use the same criteria as the state in determining which items are taxable and which are exempt. To find out whether a governmental entity (counties and statutory cities) allows an exemption from local tax on food sold through vending machines, refer to DRP 1002 "[Colorado Sales/Use Taxes](#)," published by the Department of Revenue. The publication is available on the department's Web site at www.taxcolorado.com. You must contact home-rule cities directly to find out if they exempt food sold through vending machines from sales tax.

Are vending machine sales of non-food items subject to sales tax collection?

Yes, except for non-food items selling for 15 cents or less are exempt from sales tax. If the item vends for more than 15 cents, you may **not** calculate the sales tax you remit by subtracting the first 15 cents from the items you sell. For example, if the tax rate is 6 percent, a \$1.00 item includes a gross sale of 94 cents and a tax of six cents ($\$1.00 \div \text{by } 1.06 = 94 \text{ cents}$; $.94 \times .06 = 6 \text{ cents}$).