Although Vanderbilt University and Vanderbilt University Medical Center are tax-exempt non-profit organizations there are certain situations where sales tax may need to be collected by a vendor at the time of purchase or where sales tax may need to be collected by Vanderbilt or Vanderbilt University Medical Center upon distribution of purchased items.

Depending on the primary purpose/intended use of the item being purchased and who is paying for the item, sales tax will or will not be collected at the time of purchase, and sales tax will or will not need to be collected when the product is distributed.

**Internal Use/Promotional Giveaway:**
These items are purchased with Vanderbilt/VUMC funds for promotional giveaway or for internal university or medical center use e.g., pens given away at a conference and polo shirts or uniforms given to employees. These orders are exempt from sales tax.

**Special Note:** While changing the primary purpose of property previously purchased is discouraged, in the event left over “internal use/promotional giveaway” items are subsequently sold for a specified price, the transaction is then treated as a “purchase for resale” and the sale of the item is subject to sales tax (see “purchase for resale” below).

**Fundraising/Suggested Donation:**
These items are purchased with Vanderbilt/VUMC funds to be given away at fundraising events/campaigns as tokens of appreciation to donors making contributions. Under this arrangement, the event organizer will request donors provide “suggested donations of a specified amount”, and upon receipt of a donation will give the item to the donor as a token of appreciation for the donation. However, the item must be distributed to the donor even if the donor contributes less than the suggested donation e.g., the event organizer posts a sign requesting a suggested donation amount of $20 and upon receipt of a donation of $5 the item must still be given to the donor as a token of appreciation. These orders are exempt from sales tax.

**Special Note:** While changing the primary purpose of property previously purchased is discouraged, in the event left over “fundraising/suggested donation” items are subsequently sold for a specified price, the transaction is then treated as a “purchase for resale” and the sale of the item is subject to sales tax (see “purchase for resale” below).

**Purchase for Resale:**
These items are purchased with Vanderbilt/VUMC funds and are subsequently resold for a profit. These transactions are infrequent and isolated and may only be conducted with the approval of an appropriate business/administrative officer. At the time of purchase, these orders are exempt from sales tax. At the time of sale, the item is subject to sales tax in the amount of the applicable sales tax rate (9.25% for sales occurring in Davidson County) times the taxable sales price.

**Special Note:** As soon as sales tax applies to post purchase transactions, you must charge and collect the sales tax. This tax must be reported and remitted by the 5th day of the month following the sale. For information regarding how to comply with this requirement, please contact the business officer who is responsible for the timely and accurate submission of your tax reports to the Tax Department. For technical tax assistance, please contact or visit http://www.vanderbilt.edu/accounting/FunctionalDepts.php and call or write the individual listed next to “Sales & Amusement Tax Information.”

**Distribution to VU/VUMC Personnel for Reimbursement of the Cost of the Item:**
These items are purchased with Vanderbilt/VUMC funds, for distribution to Vanderbilt/VUMC personnel (Faculty, staff, students etc.) in exchange for reimbursement of the cost of the item e.g., lab coats, staff polo shirts or uniforms sold at total invoice cost to Vanderbilt/VUMC personnel. These orders are subject to sales tax at the time of purchase from the vendor.

**Special Note:** Since the amount paid by Vanderbilt/VUMC personnel is considered a reimbursement, the amount collected from the personnel must not exceed the invoiced cost paid for the items by Vanderbilt/VUMC (including taxes, fees and handling). If the cost to the personnel exceeds the total invoiced price paid by Vanderbilt/VUMC,
the transaction no longer constitutes a reimbursement and the excess amount charged is subject to sales tax. This practice is highly discouraged.

**Payment with non-VU/VUMC funds:**
These items are purchased with non-Vanderbilt/VUMC funds, e.g., a third party payee arrangement or an individual paying with a personal credit card. Neither Vanderbilt’s exemption certificate nor its resale certificate can be applied to these purchases. Therefore, regardless of the intended use of these products, these purchases are subject to any applicable Tennessee sales tax at the time of purchase from the vendor.