

June 4, 2004

MEMORANDUM

TO: Deans, Directors, and Department Heads

FROM: Clifton Flood
University Controller

SUBJECT: Sales Tax Exemption

Effective July 1, 2004, NC State University will be exempt from Sales Tax on qualifying purchases. This exemption includes all qualifying purchases paid with a University check or NC State Visa Card (PCard).

NC State University's Sales Tax exemption number is 400021.

IMPORTANT - In order for the University to be eligible for the exemption, vendors must be notified of and presented with our Sales Tax exemption number. We are not exempt on purchases made for which the vendor has not been notified of or presented with our Sales Tax exemption number. Also, the exemption applies to direct purchases only. Indirect purchases such as employee reimbursements are not eligible for the exemption. To obtain maximum savings from the exemption, departments should review their methods of vendor payments and employee reimbursements to ensure that direct payments are made to vendors as much as possible.

To ensure that our purchases qualify and that vendors are properly notified of and presented with our Sales Tax exemption number, the following steps are being taken:

1. A notification letter will be mailed to vendors of record with activity over the past eighteen months announcing the Sales Tax exemption and providing our Sales Tax exempt number by June 14, 2004.
2. Our Sales Tax exempt number will be displayed on the face of the University's PCard. Materials Management will make these cards available to you by the week of June 28th, 2004.
3. The web page of the University Controller's Office and the Department of Materials Management will display our Sales Tax exempt number.
4. When ordering using a Purchase Order (\$5,000 or more) for items to be delivered after July 1, 2004, the Sales Tax exempt number will be displayed by Purchasing in bold print on the face of the Purchase Order. This went into effect on May 15, 2004.
5. When ordering small purchase items (less than \$5,000), campus departments should notify each vendor that *effective July 1, 2004, NC State University is exempt from Sales Tax and provide the vendor our Sales Tax exempt number – 400021* at the time of placing the order. This is extremely important for purchases made over the phone using the PCard, or when ordering from new vendors. Your help in assuring that the vendor has been notified is very important.

Additionally, the Controller's Office will conduct university-wide meetings in the Walnut Room of the Talley Student Center to provide more detailed information on the preparation and transition to this Sales Tax exempt status. These meetings are planned for June 11 and June 17, 2004 at 1:30 p.m. in the Walnut Room of the Talley Student Center.

Please remember that the Governor's Office of State Budget and Management (OSBM) will reduce the University's appropriated budget to reflect the elimination of the sales tax on future University expenditures. The amount and methodology for allocating this continuing reduction to the campus (projects 201000 - 249999 for academic affairs budget code and projects 4XXX50 for Agricultural Programs budget codes) will be finalized later this month at which time notification of necessary budget actions will be sent to the campus community.

If you, or a representative of your staff is unable to attend the meetings, please contact Milburn Holbrook at 515-3823 (milburn.Holbrook@ncsu.edu) or Kim Kelley at 515-7132 (kim.Kelley@ncsu.edu).

cc: Departmental Accounting Personnel
Ernest G. Murphrey
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