

SECTION 7: ACQUISITION PROCEDURES

SUBJECT: TAXATION OF PURCHASES

Procedure 7.2.6

POLICY

STATE TAX

The University of Washington must pay state sales tax to vendors or use tax to the Washington State Department of Revenue for purchases of goods unless a specific exemption applies. Examples of some of these exemptions are for certain medical/dental supplies, custom software, shredding services, and items purchased for resale, where the sales tax is collected at the point of sale.

FEDERAL TAX

The University of Washington is a governmental tax exempt entity under Internal Revenue Code section 115(1). Income from the University's activities is generally free from federal tax unless the activity is *unrelated* to the mission of the UW. For proof of the University's federal tax-exempt status, see [Letter from IRS Exempt Organizations Supervisor](#).¹ The UW is **not** a 501(c)(3) tax-exempt organization.

PROCEDURE

When making purchases, sales tax should be paid to the vendor, unless the vendor indicates that it does not collect Washington State sales tax or the item is not taxable. For taxability of some commonly purchased items, see the UW Tax Office's taxability list or contact the UW Tax Office at taxofc@uw.edu.² If the vendor does not collect Washington State sales tax, and the item is taxable, use tax needs to be paid. The sales/use tax rate for Seattle is currently 9.5%.³

Tax exemption for goods purchased for resale requires presentation of a reseller's permit. The University holds a reseller's permit for purchasing goods as wholesale goods not subject to sales tax. Contact the UW Tax Office at taxofc@uw.edu if you believe that your purchase qualifies as tax-exempt.

¹ Available at: http://f2.washington.edu/fm/tax/sites/default/files/uw_exempt_2013.pdf

² Available at: <http://f2.washington.edu/fm/tax/taxability>

³ For the current use tax rate, see: <https://f2.washington.edu/fm/tax/departments/wa-state-taxes/use-tax>

Any questions regarding the payment of state tax, the University's federal tax exempt status or international taxes should be referred to your supervisor who should contact the University of Washington Tax Office (taxofc@uw.edu) for guidance.