

Sales Tax Guidelines for Pcard

Items to Consider when Breaking Out Sales Tax in Works:

<ul style="list-style-type: none">• Goods shipped into the State of North Carolina should either:<ul style="list-style-type: none">○ Have NC sales tax added, or○ Not have tax charged on the invoice
<ul style="list-style-type: none">• Items that tax is charged on, but we should not break the tax out on are as follows:<ul style="list-style-type: none">○ Auto Rentals○ Airfare○ Utilities<ul style="list-style-type: none">▪ Power▪ Water / Sewer▪ Telephone (excluding equipment purchases)▪ Cell phone (excluding equipment purchases)○ Out-of-state transactions, including:<ul style="list-style-type: none">▪ Hotels▪ Meals○ Alcoholic beverages○ Food prep tax○ Occupancy tax on NC hotel charges
<ul style="list-style-type: none">• If the transaction is a return or credit, the sales tax should be entered into Works as a credit amount
<ul style="list-style-type: none">• Only break out sales tax of 6.75%, even if the county charges additional county tax<ul style="list-style-type: none">○ Exception: the 2% reduced rate charged on unprepared food purchases (typically found on NC grocery store receipts); this 2% tax is broken out in full

Additional Information:

Formula for calculating sales tax on a hotel charge—separates occupancy tax and sales tax (NC only):

$$\text{Base Room Rate} * 6.75\% = \text{TAX AMOUNT}$$

Formula for calculating tax on a restaurant charge that has alcoholic beverages:

$$(\text{Food Amounts} + \text{non-alcoholic beverages}) * 6.75\% = \text{TAX AMOUNT}$$

Financial Services

Quick Guide Library

finance.wfu.edu

Responsible Unit:

Accounts Payable

Additional Assistance:

ap@wfu.edu

What is it?

This is a guide to assist faculty and staff on how to break out tax on NC goods and services purchased on the University Procurement Card.

Why it is Necessary

The NC Department of Revenue refunds the University NC sales tax charges on certain items. Breaking out the tax allows Finance to determine the amount of tax charged so your department is not impacted by the taxes charged.