

School Activity Funds: Virginia Sales and Use Tax

All schools are expected to abide by the Rules and Regulations – Virginia Retail Sales and Use Tax as issued and administered by the Commonwealth of Virginia.

Purchase to be paid for out of school activity funds.

- (a) The tax applies to purchases of tangible personal property such as year books, class rings, graduation gowns and caps, photographs, school supplies, etc., for use by students and other purchases of tangible personal property made for the use of any school class, club, group, organization, association, or individual, to be paid for out of funds other than public funds. Such items may not be purchased under Certificates of Exemption and the tax thereon must be paid to dealers (vendors) on such purchases. The school class, club, group, organization, association or individual making such purchases, and not the school, is deemed to be the consumer of such items of tangible personal property, and such items shall not be subject to any further tax under the Act.
- (b) The tax does not apply to purchases of tangible personal property by a school, such as athletic equipment, band instruments, etc., to be paid for out of school activity funds where the property so purchased becomes the property of the school, and such items may be purchased under Certificates of Exemption.

School lunches –The tax does not apply to school lunches sold and served to pupils and employees of schools and subsidized by government at any level; and the ingredients for providing such lunches may be purchased under Certificates of Exemption. Equipment and supplies purchased by a school for use by the school in preparing and serving such school lunches, and which becomes the property of the school, may be purchased under Certificates of Exemption.”

School’s may sell items for more than the normal selling price to cover sales tax when the item is to be used by students or becomes the property of students, but schools never collect, charge or remit sales tax on sales. School is obligated to pay and tax on cost when purchase is made. This also applies to ice cream, unless ice cream is combined into school lunch program.

Regulatory Authority:

Department of Taxation, Commonwealth of Virginia, “Sales and Use Tax Regulations,”

Adopted: December 11, 1995
Amended: April 18, 2011