

In order for the university to receive exemption from Indiana sales tax, the purchaser must provide the Indiana University [ST-105](#) to the seller and the purchase must be:

1. invoiced directly to Indiana University;
2. paid for via University funds (e.g. –wire, check, P-Card);
3. and for a governmental function and not a proprietary activity

Indiana Sale Tax Purchases Matrix

Description	Examples	Not Taxable	Taxable	Exempt with ST-105	Explanation (See definitions)
Accommodations IB 41	Lodging		X	X	Follows 1, 2 and 3 above
	Meeting room rentals		X	X	Follows 1, 2 and 3 above
Food IB 7, 11, 29, 68	Grocery items	X			
	Prepared and catered food (including alcohol)		X	X	Follows 1, 2 and 3 above
Services 45 IAC 2.2-4-2(a)	Purchase with no transfer of tangible personal property	X			
	Purchase for services when bundled with tangible personal property		?		Not taxable when the tangible personal property is inconsequential (< 10%)
Tangible Personal Property IB 4, 10, 68	Purchases for resale		X	X	Follow 1 and 2 above
	Items used to perform governmental function		X	X	
	Items used in generation of income for a proprietary activity		X		
	Items of personal benefit (ex. prizes or gift for staff)		X		
	Taxable purchase is bundled with exempt sale			?	Not taxable when the taxable sales are inconsequential (< 10%)

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Definitions

Bundled Transaction: Is a retail sale of two or more products, (except real property and services to real property) that are:

1. distinct;
2. identifiable; and
3. sold for one non-itemized price

Governmental/Educational Function:

1. Teaching and instruction that involves educating citizens, businesses, and institutions of the state through the use of conventional and electronic classroom facilities to provide:

- Courses that grant credit toward the attainment of an undergraduate or a graduate degree;
- Post-graduate practical training and instruction in academic disciplines offered by state universities;
- Continuing education courses (non-credit);
- Professional development activities; and
- Educational conferences, seminars, and training meetings.

2. Research that includes expanding the knowledge base of the citizens, businesses, and institutions of the state of Indiana through scientific inquiry and the dissemination of scholarly information. Activities associated with the fulfillment of this function include participation in laboratory and field research and the development and distribution of educational or research-related tools or materials that are published, copyrighted, or patented by a state college or university.

3. Public service that includes activities that are consistent with other governmental and educational functions serviced by the state of Indiana and other charitable, nonprofit purposes for which the university is granted exemption from Indiana adjusted gross income tax and federal income tax.

4. Other university activities that are customarily undertaken in the conduct of governmental functions, including:

- Sponsoring continuing education activities;
- Operating the county extension service for the state;
- Providing public access to intercollegiate athletic functions;
- Providing public access to recreational and physical fitness facilities;
- Providing public access to musical, theatrical, and artistic performances;
- Providing access to informational and cultural events and productions; and
- Providing recruiting and development activities including recruiting of students and faculty.
- Administrative events/transactions that flow through to support IU's ability to conduct its governmental function.

Proprietary activity: Is an activity that generates revenues for state colleges or universities from the general public and that is both customarily associated with the conduct of a private business enterprise and that is outside the scope of activities of governmental and educational functions as defined for state colleges or universities.

State agency: Is an authority, a board, a branch, a commission, a committee, a department, a division, or another instrumentality of the executive, legislative, or judicial departments of Indiana state government. Activities that serve the public's general health, welfare and/or safety are considered to be governmental functions.

Student: Is an individual enrolled or registered in courses that grant credit toward the attainment of an undergraduate or graduate degree or who is enrolled in an elementary or a secondary school. The term student also includes any individual enrolled in remedial courses that are certified by the college or university.

Student Function: An event related to recruitment of students within Indiana, experiential learning for students, or primarily a student function put on for the benefit of students. Examples include: student commencement, student orientation, or campus student life event.

“Tangible personal property”: Is personal property that can be seen, weighed, measured, felt, or touched or that is in any other manner perceptible to the senses. The term includes electricity, water, gas, steam, and prewritten computer software.

Examples

1. The University, through IU Conferences, is hosting a 3-day conference in Indianapolis. The university rents meeting rooms in a hotel to conduct its educational conference. The rental of the meeting rooms will be exempt from the sales tax and local innkeepers' tax (if applicable) due to our governmental exemption. Sales of meals during the conference are also exempt, as the conference is furthering the university's exempt purpose. At the same conference, the organization reserves and pays for, out of its IU funds, the cost of four hotel rooms for lodging. The lodgings provided for students, faculty, staff and speakers would be exempt. Other attendees would not be exempt - unless the individuals are employees of Indiana University - from the sales tax or the innkeepers' tax if applicable. The rental of hotel rooms is a private benefit for these individuals and does not serve the purpose for which the organization exists.
2. A department holds a catered educational seminar with prepared food. All prepared food is exempt from tax, because the event is part of IU's business function. Charges for labor to serve food or beverages furnished, prepared, or served for consumption at a location are not subject to sales tax. Also, the rental of linens and equipment in conjunction with the meal are exempt because the event falls within the University's mission. Finally, the rental of the rooms will be exempt from sales tax and local innkeepers' tax, if applicable.
3. Question: A Science Olympiad is held on campus for local non-IU students in grades 4-12. Would the food provided to the students not be taxed? Should the food provided for IU student judges not be taxed, while food provided for non-student judges be taxed? Does equipment rental from a local rental company need to be taxed? If ordering boxed lunches for both IU student and non-student judges, does the order need to be separated or allocated by percent in order to tax the non-student group or are both non-taxable? Would the taxability of the event be based on the purpose of the event and not who is consuming the food? Answer: The taxability of food for the event is based wholly on its purpose. If the event is an IU sponsored one and the purpose of the event is student recruitment, then the exemption applies. All other considerations of breaking out IU/non-IU judges for taxability are unnecessary.
4. Question: A department rents a meeting room for a staff retirement function. Food is included. What is taxable? Answer: The room rental and food would both be subject to tax because the function is not an IU business function. It is purely recreational. Tax should be paid to outside vendors and when purchased or rented from an IU department in the business of catering and renting space.

5. Question: IU attends a conference, pays for all meals (including alcohol) and lodging, and rents meeting space. Which of those items would be taxable and which would be exempt for each of the following groups: IU Students, K-12 Students, Students from Other Colleges, IU Faculty/Staff, Speakers/Presenters, Donors, and Alumni? Answer: Meals (including alcohol) and lodging for all types of students, faculty and speakers would be exempt if the conference furthers the institution's educational purpose. The meeting room would also be exempt assuming use for educational purposes. Purchases for donors and alumni would not specifically be exempt, as this would not be consistent with a governmental purpose. However, having food available that might be accessible by donors, alumni or other non-exempt persons would not impact the exemption as long as the food was predominately intended for exempt persons.
6. Question: IU provides catering and alcohol in a press box at an athletic event. Which of those items would be taxable and which would be exempt for each of the following groups: IU Students, K-12 Students, Students from Other Colleges, IU Faculty/Staff, Speakers/Presenters, Donors, and Alumni? Answer: Press box catering would generally be taxable. While the athletic event is itself an educational function, press box catering appears to be a convenience. Student meals could be independently exempt.
7. Question: An IU department takes the following people out for a recruitment dinner, including alcohol. Which of the following would be taxable and which would be exempt: Donors, K-12 Students, Students from Other Colleges, Potential Faculty/Staff, Potential Speakers/Presenters? Answer: Purchases for benefit of donors would not be considered a governmental purpose. The other categories would be exempt. Alcohol would be exempt as part of an exempt meal. Such a meal may be considered exempt overall if those in attendance are predominately exempt persons.
8. Question: An IU department purchases catering for an outside company, which is on campus at a recruiting event. The hope is to benefit students with a job offer from the attending companies. Would this catering be taxable? Answer: These purchases would be exempt, as they assist the students in furthering their career opportunities, which would fall under IU's governmental purpose.
9. Question: An IU department schedules a business training/planning session off campus for its IU staff, for which space is rented and food is provided. Would either of these be taxable? Answer: The meeting space would be exempt, but the food would be taxable. This differs from the conference example because the food at the meeting is a convenience. The distinction between a meeting to address administrative functions versus a conference with an educational function may not always be clear cut.