

# Financial Services Manual (FIN)

## FIN 120: Sales Tax Exemption for Certain University Purchases

Effective: 12/31/1992

Revised: 7/1/2023

### Purpose

To provide information about the transaction privilege tax exemptions on certain university purchases

### Sources

*Arizona Revised Statutes* § 42–5061

University policy

### Policy

Arizona universities are not exempt from paying applicable sales/TPT taxes on purchases of goods within the State of Arizona. The universities also are responsible for paying use tax to the Arizona Department of Revenue for applicable purchases made from out-of-state vendors.

Some technical exemptions apply to auxiliary operations, e.g., the purchase of books by the ASU Libraries. State statute also provides for exemption from state sales and use tax on “machinery and equipment used in research and development. “This statutory exemption does not apply to expendable supplies; janitorial equipment and hand tools; office equipment, furniture, and supplies; tangible personal property used in selling and distributing activities; motor vehicles; shops, buildings, docks, depots, etc.; and motors and pumps used in drip irrigation systems.

Along with the requisition, the cost center manager also must provide to Purchasing and Business Services a signed Arizona Form 5000 with a brief statement identifying the research area in which the equipment will be used and a representation that the planned use for the equipment complies with the exemption provisions of the law. This form should be attached to the request.

If a subsequent sales tax audit disallows the exemption from transaction privilege taxes, the department originally ordering the equipment will be charged for the unpaid taxes.

### Cross-References

For additional information on state sales tax, see [FIN 108](#), “Sales Tax.”